

CAB 301/17

Report of Enquiry by Sir Norman Brook
into the Secret Intelligence and Security Services

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The Secret Intelligence and Security Services

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by Sir Norman Brook

March 1951.

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*PRIME MINISTER***SECRET INTELLIGENCE AND SECURITY SERVICES**

In May, 1950, I was instructed to carry out on your behalf an enquiry into the secret intelligence and security services. No precise terms of reference were laid down; but I was asked to give special attention to three points: —

- (i) The general state of efficiency of each of the secret agencies concerned with intelligence and security;
- (ii) The question whether the existing allocation of resources between them is in accord with modern conditions; and
- (iii) The inter-relation between them, including the distribution of Ministerial responsibility for their work.

I have completed this enquiry, and I now submit my report. Part I of the report gives a brief general description of the organisation as a whole and its total cost, and an impression of the current value of its work. Part II discusses the organisation and efficiency of the separate agencies. Part III examines their inter-relation, and the allocation of resources between them. Part IV contains some comments on the relations between the collectors and the users of intelligence. In Part V, I have made some suggestions on the co-ordination of the work of all these agencies. Part VI contains a summary of my recommendations.

In the course of this enquiry I have consulted a large number of people concerned with the subject-matter of my report, either as collectors or consumers of intelligence. I do not think it necessary to mention them by name; but I wish to express my gratitude for all the helpful advice and assistance they have given me. Mr. J. A. Drew, Ministry of Defence, and Mr. C. A. L. Cliffe, Cabinet Office, have been associated with me in the enquiry. Mr. Drew, who has long-standing contacts with the intelligence and security services, has helped me to acquire all the information which I needed; but I have not asked him to take any share of responsibility for my conclusions and recommendations. Mr. Cliffe has helped me throughout the enquiry, and I am specially grateful for his assistance in the drafting of my report.

(Signed) NORMAN BROOK.

March, 1951.

Secret Intelligence and Security Services

REPORT

I

INTRODUCTION

OUTLINE OF THE ORGANISATION

1. The three main organisations for security work and the secret collection of intelligence are:—

- (i) The Security Service (M.I.5).
- (ii) The Secret Intelligence Service (S.I.S. or M.I.6).
- (iii) Government Communications Headquarters (G.C.H.Q. or the Y Service).

M.I.5 is responsible for countering espionage, sabotage and subversive activities. It has no executive authority, and acts through advice to Departments. Its charter, revised in 1946, speaks in terms of "the defence of the realm" and limits its sphere of action to the United Kingdom and the other countries of the Commonwealth.

The primary function of **S.I.S.** is the collection of secret intelligence by clandestine means (S.I.). It is also responsible for the conduct of special operations (S.O.), so far as they may be authorised in peace, and for planning and preparing for the conduct of special operations work on a much larger scale in time of war. The sphere of action of S.I.S., on both the S.I. and the S.O. sides, is mainly in foreign countries.

G.C.H.Q. is the overt name for the organisation (now situated at Eastcote, but shortly to move to Cheltenham) which is responsible for breaking foreign cyphers and collecting intelligence by the interception of wireless and cable traffic. It is also responsible for the production and security of the cyphers used by the United Kingdom Government.

2. To complete this general outline of the intelligence organisation as a whole mention should be made here of the overt agencies, which come within the scope of this report mainly as users of secret intelligence.

The Joint Intelligence Bureau (J.I.B.), which is responsible to the Minister of Defence, provides economic, industrial and topographical intelligence which is of common interest to the three fighting Services. It itself collects (as well as collates) intelligence from overt sources, but relies on the secret agencies for the collection of intelligence by clandestine methods.

The Intelligence Branches of the three fighting Services collate the intelligence collected and supplied to them by the secret agencies and the Joint Intelligence Bureau; but they also collect overt intelligence themselves through the Naval, Military and Air Attachés abroad, who report to their respective Directors of Intelligence.

The Directorate of Scientific Intelligence (D.S.I.), which is responsible to the Minister of Defence and is staffed by officers seconded from the Service Departments, collates scientific intelligence (other than that dealing with atomic energy) collected by the secret agencies. It also collects and collates scientific intelligence from overt sources.

The Division of Atomic Energy in the Ministry of Supply has a particular responsibility for collating all available information on atomic research and development in all parts of the world other than the United States. For this purpose it draws directly on the secret intelligence agencies, as well as the overt agencies, and maintains direct liaison with the atomic energy intelligence authorities in the United States.

Foreign Office posts abroad are an important source of general and political intelligence, which they collect in the course of their normal duties and pass to the Foreign Office.

EXPENDITURE ON INTELLIGENCE SERVICES

3. The amount of the Secret Vote (for intelligence and security services) has varied greatly during the last twelve years. In 1938 the total was only about £400,000. During the war it rose sharply to a peak figure of £15 million in 1943 and then declined. By 1946 it had fallen to £1·75 million, but since then it has slowly risen, by reason of "cold war" conditions, to a figure of £3 million for the current year. This will be exceeded in following years owing to the cost of certain new activities by S.I.S. which have recently been approved.*

These figures do not, however, represent the whole expenditure on the intelligence and security services. For many years it has been the practice to restrict the Secret Vote to the minimum practicable, and to distribute a substantial part of the expenditure of these services as inconspicuously as possible among various heads of the open votes. Thus, of the cost of G.C.H.Q., by far the greater part (£2·13 million for the current year) is distributed over the open votes of the Foreign Office, Ministry of Supply, Air Ministry, &c.; and the services rendered free to S.I.S. by other Departments are estimated at £830,000.

4. The estimated cost of the secret intelligence and security services for the current year may be tabulated as follows:—

	Open Votes	Secret Vote	Total
	£ million	£ million	£ million
M.I.5	—	·52	·52
S.I.S.	·83	2·25	3·08
G.C.H.Q.	2·13	·10	2·23
Miscellaneous	—	·13	·13
	2·96	3·00	5·96

The total expenditure on intelligence work is, however, very much larger than this. The other agencies listed in paragraph 2 above, though maintained wholly on open votes, are engaged on intelligence work which is very closely related to that of the secret agencies and provides essential elements in the building-up of the final intelligence appreciation on any particular subject. The Intelligence Branches of the three Services (including the cost of Service Attachés) account in all for an annual expenditure of nearly £3 million; and the J.I.B. and D.S.I. between them require about £300,000. Taking into account the considerable cost of the Intelligence Division in the British Zone of Germany, the total annual expenditure on intelligence must be more than £10 million.

THE PRESENT STATE OF INTELLIGENCE

5. The Joint Intelligence Committee (J.I.C.) recently submitted to the Chiefs of Staff a report (J.I.C. (50) 81) on the general state of our intelligence on Russia. It would be tedious to summarise here all the gaps in our knowledge to which they directed attention. But the general picture which they drew was certainly a gloomy one; and their broad conclusion was that they were "seriously concerned about the inadequacy of intelligence on the countries within the Soviet orbit and in particular on Soviet intentions and preparedness for war."

It is disappointing to find that the J.I.C. should themselves set so low a value on the product of an intelligence service which in all is costing us about £10 million a year. Their estimate needs, however, to be considered against the background of the special difficulties under which intelligence work has now to be done. Much of the current criticism of the state of our intelligence is based on a comparison with conditions as they existed during the last war. We then had the opportunity to employ on intelligence work large numbers of exceptionally able people (university dons and the like) whom it would be quite wrong in the national interest to use on this work, even if they could be persuaded to do it, in time of peace. Secondly, it is much easier to break into an enemy's secrets in war, because his communications are more extensive, and therefore more vulnerable, and our agents can do things, and take risks, which are not permissible in peace. Thirdly, we were exceptionally lucky in breaking into German communications at an early

* In the Estimates for 1951-52 the Secret Vote is raised to £4 million, and the total estimated expenditure corresponding to the figure of £5·96 million in the table in paragraph 4 is £7·20 million.

stage in the war. And, fourthly, the German intelligence and counter-intelligence services had fallen, under the Nazis, to a relatively low standard of efficiency. Russia, on the other hand, is probably the most difficult target which has ever been set to an intelligence or counter-espionage service. Her secrets are held within a completely closed society, in which an extremely high standard of security is enforced with ruthless efficiency. And it is only five years since she ceased to be an ally and began to be a legitimate object of study and attack by our intelligence and counter-espionage services. S.I.S. were ordered to suspend all activities against Russia during the war—and, even since the war ended, their operations against Russia have been subject to severe limitations imposed by the Foreign Office on policy grounds.

The J.I.C. appreciation quoted above formed the basis of an application for the grant of additional funds for intelligence work. My own impression is that it did rather less than justice to the results achieved. Though we should certainly like to know much more, we have contrived to collect, despite the exceptional difficulties, quite a creditable volume of intelligence about Russia. And the conclusion which I draw from my enquiry is that the undoubted gaps in our knowledge are due much more to the inherent difficulties of the task than to slackness or inefficiency in the agencies responsible for the collection of intelligence.

II

ORGANISATION OF THE SEPARATE SERVICES

6. This part of the report contains my comments on the various services considered as separate organisations. I have not attempted to give a comprehensive description of each service: description is limited to those parts of the organisation on which I have comments to make.

THE SECURITY SERVICE

7. The headquarters organisation of the Security Service is grouped in five main divisions conforming broadly to its principal tasks:—

- (i) Sections concerned with the study of subversive movements which might threaten the security of the State. Almost the whole effort of these sections is at present concentrated on the study of Communism—the purposes and methods of Communist Parties, the structure and organisation of the British Communist Party, and the activities of individual Communists in this country.
- (ii) Sections concerned with counter-espionage. Almost the whole effort of these sections is at present concentrated against espionage by the Soviet Union and its European satellites.
- (iii) Sections responsible for advising on preventive security measures—security of buildings, vetting of staff and anti-sabotage precautions.
- (iv) An overseas division, responsible for the staffing and administration of Security Service posts in other Commonwealth countries. Reports from these officers overseas, and information and guidance for them, are handled by the sections concerned with the subject matter.
- (v) The common services—including the registry, the all-important index of individuals, and the various technical aids to investigation.

8. A high proportion of the total resources of the Security Service is at present devoted to the countering of subversive activities, mainly the study of Communism and Communists. Since the end of the war the Security Service has set itself the aim of building up, and keeping up to date, a complete list of all the members of the British Communist Party and its affiliated bodies, such as the Young Communist League. In this work it has achieved a remarkable degree of success: it has built up an almost complete list of Communist Party members, and its technique should ensure that this list is kept fully up to date. In addition to a fairly complete knowledge of the Communist Party Headquarters, it is also building up a detailed picture of the personnel and organisation of each branch office. This has been a heavy task; and it has meant that more than half of the headquarters staff and resources of the Service has been concentrated on this intensive study of the Communist Party.

9. At first sight it might appear that this represents a disproportionate concentration on subversive activities, and that, relatively, too little effort is being directed specifically towards the work of counter-espionage. There are, however, good reasons for distributing the total effort of the Service in this way.

First, Communist activities in this country are a very real threat to the security of the State in time of peace. It is one of the recognised techniques of Russian imperialism to work for the subversion of the democratic countries through domestic Communist movements which take their orders from Moscow and give them priority over any considerations of national duty or patriotism. It is common knowledge that the Russians have sought to intensify their use of this technique as part of their "cold war" tactics. It is, therefore, the first duty of a Security Service to counter subversive activities by Communists.

Secondly, this knowledge of Communist activities and personalities forms a most important part of our preparations for war. The information now in the possession of the Security Service regarding the organisation of the British Communist Party, both at headquarters and locally, would enable them to provide promptly, on the outbreak of war, a list of the names of all the important Communist organisers whose immediate arrest would cripple the activities of the Party.

Thirdly, this study of the British Communist Party makes a direct contribution to the work of counter-espionage. For, even though the Russian intelligence service might prefer to employ as agents in this country persons who have no avowed affiliations with Communist organisations here, it is likely that they will often find it necessary to make contact with their agents through the Communist Party organisation or its members; and they may at times be compelled to use as agents people who themselves are or have been members of the Party or at least have or have had associations with it. In this sense, study of British Communism and its adherents covers the field in which clues are most likely to be found to the identity of agents working for the intelligence services of Russia and her satellites.

Finally, direct counter-espionage work must be limited very largely to the following-up of specific clues. Apart from maintaining a general watch on members of the Embassies and Trade Delegations of Russia and her satellites—and it may be mentioned in passing that direct observation of the Soviet Embassy has not been made easier by the fact that it is now located in a private road in Kensington Palace Gardens—the Security Service cannot, in their counter-espionage work, engage in any general search for suspects. They must operate by following up specific clues based on information received from Government Departments, from private firms and individuals, from their own agents, and (the most important source) from other intelligence agencies. The resources allocated to the counter-espionage work of the Security Service have in fact proved sufficient for the intensive investigation of all the specific clues which merited serious enquiry.

10. In their current knowledge of the British Communist Party and its affiliated organisations the Security Service have a substantial achievement to their credit. They would, however, be the first to recognise that, from the point of view of espionage even more than of subversive activity, the crypto-Communists, fellow-travellers and intellectual-Marxists represent at least as great a danger as the actual members of the Communist Party. It is known that some adherents of the Communist cause have been expressly forbidden to join the party, and that others have been advised to discontinue their membership, so that they may be free to conduct their activities without the observation which party membership might entail. Even more dangerous, and more difficult to identify, are the intellectual-Marxists who for various reasons refrain from joining any Communist organisation, but are strongly influenced by Communist doctrine and propaganda and may develop intellectual loyalties to these ideas which would override their national duty. These ideas evidently have a strong appeal to a certain type of intellectual; and scientists and artists, in particular, seem to be specially susceptible to them. It is significant that it was in this class that Fuchs and Pontecorvo were found.

There is here an undoubted gap in our knowledge of potential agents for the Russian intelligence service or of people who might be willing, and able, to convey useful information to the Russians. It is easy to say that the Security Service should know more about these people: it is more difficult to suggest how that knowledge could be acquired. In this field there is, inevitably, far less certainty than there is in the field of Communist Party membership—and information, even uncertain information, is far more difficult to obtain. The Security Service are fully aware that this is their Achilles' heel. They have recently allocated special staff to

a study of communism among the professional classes; and this study will include, so far as is practicable, a search for intellectual sympathisers with communism as well as actual party members. There can be no doubt that they should continue to devote all their ingenuity and resource to the search for means of increasing their knowledge of crypto-Communists of all types.

11. Some of the public criticism of the Security Service is based on misconceptions of their powers. Thus, they have no powers of arrest; and, when their investigations lead to criminal proceedings, these are instituted by the police. The public do not always appreciate how large a part the Security Service have played in the initial enquiries on which the proceedings are based. Again, their functions are advisory and they have no power to compel acceptance of the advice. They may recommend that an individual whom they have reason to suspect should not continue to be employed on secret work by a Government Department; but the ultimate decision rests with the Departmental Minister, who is free to reject their advice. The Department concerned decided, in the exercise of their discretion, to continue to employ Fuchs after the Security Service had brought to their attention some information about his earlier Communist associations: but in the public mind the blame for his continued employment is laid entirely at the door of the Security Service. Finally, even within Government service, there is still some misconception about the degree of responsibility which the Security Service assume in the "vetting" of individual employees. Despite the fact that a favourable report is cast in terms of the purely negative formula "nothing known against," employers tend to assume that, having once referred a name to the Security Service and having received this reply, they are relieved of all further responsibility. Government Departments are now being instructed to supplement this routine reference to the Security Service by taking such positive measures as are open to them to test the reliability of staff employed on secret work.

12. The general organisation of the Security Service is in a healthy condition. Among the heads of sections there is a satisfactory proportion of relatively young officers; and there is throughout an atmosphere of vigorous and purposeful direction. I believe that, from that point of view, the Service is as well-equipped as it can be to discharge its difficult task.

The office organisation was thoroughly overhauled during the last war, with the assistance of an expert brought in from outside for that purpose. Whether or not this is the cause, it certainly gives to-day a very satisfactory impression of good organisation and business-like efficiency. The Service has, of course, the advantage of being housed in a modern building which is large enough to hold the whole of its staff. This doubtless enhances the appearance of efficiency. But I was impressed by the office organisation as a whole. In the registry system, the card index of individuals, and the technical equipment for telephone checks, there is a noticeable use of up-to-date methods and machinery which is evidence of a general atmosphere of efficiency throughout the organisation.

THE SECRET INTELLIGENCE SERVICE

13. The main structure of the headquarters staff of S.I.S. rests on a division between the Production branches and the Requirements branches.

The Production side is divided into a number of geographical branches, each controlling a number of overseas posts which control the agents in the field and forward their reports. The Requirements side is divided functionally into a number of branches each of which maintains liaison with the Departments requiring particular types of intelligence. Thus, there are Requirements branches which specialise in naval, military and air intelligence and maintain liaison with the Service Departments; there is one which specialises in political intelligence, in liaison with the Foreign Office; there is one concerned with economic intelligence, in liaison with the economic Departments; and there is one which specialises in scientific intelligence. It is the function of these Requirements branches to ascertain the needs of the customers and the priority which they assign to the various intelligence targets: to convey these consumer needs (through the Production branches) to the agents in the field; and to try to ensure that the intelligence product meets these requirements before it is passed back to the customer. These branches also act to some extent as critics of the intelligence collected. It is inevitable that the overseas posts, and to some extent the Production branches to which they work, should tend

to be biased in favour of their own product; and the Requirements branches, by virtue of their wider range and their knowledge of supporting intelligence from other quarters, can often exercise a valuable check on this tendency.

14. This division of function, which seems to me to be generally sound, has the further advantage that officers serving in the Production branches (who are regular members of the S.I.S. and are interchangeable with officers serving overseas) have less need to come into personal contact with consumer Departments and are therefore better able to avoid disclosing their identity. It is important that the identity of these men, who have to work under cover abroad, should not be more widely known in Whitehall than is strictly necessary. It is therefore desirable that the Requirements branches should be staffed, to some extent at any rate, by officers seconded from the consumer Departments. The Requirements branches which deal with naval, military and air intelligence are already staffed largely by serving officers seconded by the respective Services for a period of duty with S.I.S. These officers are, for the period of their secondment, an integral part of the headquarters staff of S.I.S.; but they maintain close liaison and daily contact with the Director of Intelligence of their Service. Apart from the advantage, already mentioned, of avoiding unnecessary disclosure of the identity of S.I.S. officers in the Production branches, this arrangement undoubtedly makes for greater efficiency: it improves relations between the collecting agency and the user of the intelligence collected, and it helps to ensure a better understanding of the needs and problems of both parties.

It was recommended in the *Bland Report that, on the same principle, the Requirements branch which deals with political intelligence should include at least one seconded member of the Foreign Service. I understand that the Foreign Office accepted this recommendation in principle, but have not yet been able to implement it in practice owing to shortage of staff. It would be most advantageous if, at any given time, the Requirements branch dealing with political intelligence could include one or two seconded members of the Foreign Service; and I believe that the Foreign Office are now ready to make greater efforts to apply this principle in practice.

It would also be valuable if the Directorate of Scientific Intelligence could second one of their officers for service with the Requirements branch dealing with scientific intelligence. At present S.I.S. have a liaison officer working in the Directorate of Scientific Intelligence. This, however, cannot be a fully satisfactory arrangement; a liaison officer without any specific functions in the organisation to which he is attached cannot make an effective contribution to its work. There would be a saving of S.I.S. staff, and a better assurance that the consumer needs of the Directorate of Scientific Intelligence were fully appreciated by S.I.S., if the Directorate seconded one of its officers for service with the appropriate Requirements branch in S.I.S. The value of such an arrangement has been proved in practice by the fighting Services, and accepted in principle by the Foreign Office, and I recommend that liaison between S.I.S. and the Directorate of Scientific Intelligence should in future be based on the same principle.

15. Looking at the organisation of S.I.S. as a whole, one cannot fail to be struck by the heavy administrative overheads which it is now carrying. Apart from certain technical branches and some small sections carrying out planning work for Secret Intelligence and Special Operations in time of war, the whole of the headquarters staff is in effect engaged in the primarily administrative task of organising the collection of intelligence. So, also, to a large extent are the *officers* of S.I.S. overseas. For the most part, they do not themselves engage or run agents: this is normally done through an intermediary, known as an "unofficial agent," mainly to avoid compromising the cover of the S.I.S. officer as a member of the Embassy or Legation staff. Thus, a very large proportion of the staff of S.I.S.—representing a good half of the total expenditure on S.I.S.—is engaged, not in collecting intelligence, but in organising its collection.

Three reasons are given for this apparently disproportionate preoccupation with administrative matters:—

First, S.I.S. are attempting to do a war-time job in peace-time conditions. In war they have to conceal their activities only to the extent necessary to protect their agents: in peace they have also to conceal the very fact that they are operating at all. This means that the fighting Services and other Government Departments are unable

* "Future Organisation of the S.I.S.—Report of a Committee appointed by Sir A. Cadogan on 8th October, 1943." (Report dated Foreign Office, 12th October, 1944.)

to provide those facilities (*e.g.*, ships and aircraft) which they can readily make available to S.I.S. in time of war. And, as a result, a great deal of administrative work is required in preparation for even the simplest of S.I.S. operations. Take, for example, the clandestine passage of an agent into "hostile" territory. In war, the Navy would put him ashore or the Air Force would drop him by parachute. But in peace S.I.S. have themselves to charter a boat or an aircraft; and a good deal of negotiation and correspondence is required to carry through the chartering and to conceal the participation of S.I.S. in the transaction.

Secondly, the increasing complexity of Government business has led in recent years to a great increase in the volume of inter-departmental business generally. This has not been without some effect on the relations of S.I.S. both with other intelligence agencies and also with ordinary Government Departments. This growth of "inter-departmentalism" has involved some increase in the volume of administrative work in S.I.S. headquarters.

Thirdly, there has been a considerable turnover of staff in S.I.S. since the end of the war. As a result, there is an unusually high proportion of S.I.S. officers who are not yet fully trained; and many of these are passing through the various branches at headquarters for purposes of training.

As the number of officers under training diminishes, the proportion of headquarters to overseas staff should decrease. But this alone will not produce a substantial reduction in the administrative overheads of the organisation. This tendency towards an over-elaborate administrative superstructure needs to be carefully watched. No opportunity should be lost of reducing the numbers engaged in organising the collection of intelligence.

16. This is all the more necessary in view of the new policy of recruitment to S.I.S. which has recently been introduced. Before the war S.I.S. officers were recruited mainly by personal recommendation, and consisted largely of retired officers of the fighting Services and men of independent means with a taste for adventure who were prepared to do secret service work for a limited period of years. Changed economic conditions have led S.I.S. to adopt a different policy of recruitment. There are now few young men of independent means, with or without a taste for adventure; and under modern conditions (including high taxation) security of tenure and the prospect of a pension weigh very heavily with a young man considering the choice of a career. Moreover, S.I.S. now wish to place less reliance on retired officers of the fighting Services and are anxious to attract the type of young man who has taken an Honours degree at a university. They have therefore introduced a new and more formalised method of recruitment, by selection boards operating on the methods of the Civil Service Commission, and they are seeking to recruit young men in their twenties to an established and pensionable career in S.I.S. This, of course, carries with it a system of salary scales, promotion prospects and pension rights comparable to those offered to an administrative civil servant.

So far as it brings into S.I.S. work more men with university education, this change is certainly to be welcomed. But there are serious difficulties in the conception of S.I.S. as a "career service." Two of these difficulties have already been recognised by S.I.S.

(a) It is difficult to provide adequate cover for S.I.S. at the stage of a candidate's entry to it and during his first few years of training. It is impossible to tell a candidate much about the job for which he is being recruited until he has passed through all the vetting processes and has been finally accepted as eligible for the service. Moreover, it is difficult to re-assure his parents. The formula now used is that candidates are being sought for the "Intelligence Co-ordinating Staff" of the Foreign Office; but knowledgeable parents who look in the Foreign Office Handbook or consult friends in Government service are apt to discover that nothing is known about this staff and tend to ask awkward questions about the status of the service which their son is joining.

It would help to overcome these difficulties if some such title as the "General Intelligence Service" could be brought into official use as covering, not merely S.I.S., G.C.H.Q. and the Security Service, but also the more avowable intelligence agencies such as the Joint Intelligence Bureau and the Economic Intelligence Department of the Foreign Office (which does not form part of the regular Foreign Service). There would have to be sufficient content in such a "General Intelligence Service" to make a showing in the Imperial Calendar, the Foreign Office Handbook and other official works of reference, without including any mention of the secret

agencies covered by the term. It would be a substantial advantage if the Selection Board for S.I.S. could purport to be recruiting for such a "General Intelligence Service." Indeed, it would be preferable if the initial stages of recruitment for all the agencies included within this new "Service" could be carried out by a single Board openly recruiting for the "General Intelligence Service." Candidates who seemed specially suited for the secret agencies could be sifted out, at an appropriate stage in the proceedings, and passed over to a special Board. The existing machinery for recruitment could readily be adapted in this way.

(b) S.I.S. recognise that the special nature of their work is such that few men can be expected to give efficient service in it for the full period of a Civil Service career. Indeed, I was told that a man could not normally expect to remain fully efficient on S.I.S. work for more than about twenty years. This is due, not merely to the exacting nature of the work, but also to the frustration caused by the need for constant dissimulation in a man's social life, whether he is serving at home or overseas. To have to conceal the nature of the job one is doing, even from one's closest friends, subjects a man to unusual strains; and few people are capable of living this sort of clandestine life for the whole of the normal length of an active career. In addition there is also the risk that the identity of an S.I.S. officer may become known to agents of foreign Powers—with the result that he can no longer be employed in certain foreign countries or, in some cases, at any overseas post at all. And there are limits to the extent to which officers so compromised can continue to be usefully employed at headquarters.

S.I.S. must therefore find means of placing in suitable employment elsewhere men who have entered their service as a career but have ceased, through no fault of their own, to be able to make a fully effective contribution to secret service work, either because they have been compromised or because they have become "burned out." S.I.S. will continue to do their best to place such officers in outside employment, in industry or commerce. But it seems to me that the Foreign Office and other Government Departments ought also to try to make some contribution towards the solution of this problem. There seems to be no reason why some of these officers should not be employed on other intelligence work, *e.g.*, in the Joint Intelligence Bureau or some of the other agencies which are free from the special disabilities attaching to clandestine work. Some might also be found employment in the Foreign Office or in home Departments on work for which their previous experience fitted them. There need be no question of providing them with a second career, with assured prospects of further promotion; but many of them could render useful service in other Departments at a salary comparable to that which they had drawn in S.I.S., until such time as they qualified for a proportionate pension based on their total years of Government service. In asking that other employment should be found for such officers, S.I.S. would naturally turn first to the Foreign Office; but it is clear that the Foreign Office alone could not provide an outlet for all these officers—it would be specially difficult for them to find further employment for an S.I.S. officer who had been compromised—and it seems reasonable that other intelligence agencies and Government Departments generally should also do what they can to help. The disposal of these officers might be made easier if a "General Intelligence Service" could be given some measure of reality, instead of being merely, as suggested in sub-paragraph (a) above, a name used as a cover for recruitment.

I recommend that the Treasury should appoint a working party comprising officials of the Departments and agencies primarily concerned to consider the two suggestions put forward in sub-paragraphs (a) and (b) of this paragraph.

17. Even if the suggestion put forward in paragraph 16 (b) proves to be practicable, it could not wholly solve the problems involved in any attempt to provide a life career for a substantial proportion of S.I.S. officers. There are limits to the extent to which S.I.S. can safely become a "career service." Nor am I sure that the prospect of a life career in pensionable service will attract the type of man who is still needed for secret service work. Is there not some danger that, by offering a career on the Civil Service model, S.I.S. will tend to recruit men who approximate in character to the average type of administrative civil servant? Officers of this temperament may well turn out to be more interested in administration than in the more adventurous aspects of secret service work and its intelligence product; and, as these new recruits rise to positions of authority in the service, the present tendency towards an excessive preoccupation with administration may well be aggravated. It seems to me, therefore, that, while there is great advantage in seeking to recruit to S.I.S. a number of people with university education, there may be real danger

in carrying too far this new conception of S.I.S. as a career service with the salary scales and promotion rules of an ordinary Government Department. It would be disastrous if it became impossible for S.I.S. to recruit individuals from outside who possessed the qualifications required for some special and perhaps temporary job, merely because this might involve interference with the promotion prospects or expectations of "career" officers in the service. Given the special nature of their work, it is essential for S.I.S. to leave the door open for the employment of the unconventional or temporary man—not merely in an emergency, but at any time when someone is available who has exceptional qualifications for the task to be done. I should not myself despair of finding, even in these days, some men of an adventurous spirit who are willing to take on an exciting job for five or ten years, trusting in their ability to find some other form of employment thereafter. Even to-day, it is not everyone who wants a settled career with a pension at the end of it: there are still men who have sufficient confidence in their ability to earn their living to make them willing to move about from one job to another.

In short, I suspect that S.I.S. may be in some danger of becoming too respectable and losing, in the process, some of its former vigour, initiative and enterprise—in short, its buccaneering spirit. I hope that the introduction of "career service" into S.I.S. will not be pressed so far as to increase the tendency towards over-administration, to which I have referred earlier, and to reduce the opportunities for introducing at appropriate levels in the organisation individuals with special qualifications who are prepared to give their services for a limited period—possibly on the basis of a somewhat higher salary or a lump-sum payment at the end of their period of engagement.

18. It may be appropriate to mention at this point two other questions of "cover" for S.I.S.:—

(a) Responsibility for providing adequate cover for the operation of S.I.S. officers overseas lies with the Foreign Office. The use for this purpose of the title "Passport Control Officer" was compromised some years ago, and has had to be discontinued. S.I.S. officers now pass as ordinary members of the Embassy or Legation staff. The Foreign Office are, however, unable to allow S.I.S. officers to pretend to a rank higher than that of First Secretary; and for the more senior and elderly officers this title does not provide a very convincing cover. It would be helpful if some better cover could be devised for the more senior S.I.S. officers abroad; but it is not easy to see how this could be done, and I have no suggestions to make.

(b) There is no longer any effective cover for the headquarters offices of S.I.S. in London. The location of these headquarters is certainly known to foreign agents, and is an open secret in Fleet Street. This cannot be cured so long as the headquarters remain where they are. It is, however, proposed (see paragraph 28) that S.I.S. and the Security Service shall in future be housed in a single building which is now in course of construction. I recommend that, when this building is ready for occupation, no attempt should be made to conceal its occupation by the Security Service but every effort should be made to cover the move of S.I.S. from their present headquarters to the new building. The Security Service is an avowable organisation: its existence and its activities are widely known: and the name of its Director-General is frequently mentioned in the press. Moreover, there is a good deal of confusion in the public mind between the activities proper to the Security Service and those which are in fact performed by S.I.S. Advantage can be taken of this to provide cover for S.I.S. Nothing would be lost by allowing the location of the Security Service headquarters to become known to the press and the public. There would be a positive advantage in doing this, if cover could thereby be provided for the headquarters of S.I.S.

19. S.I.S. is undoubtedly handicapped by having its headquarters in a somewhat antiquated and depressing building which is not well adapted to its needs. But, after making due allowance for that, I still feel that there is room for improvement in the office efficiency of the organisation. For example, the technical equipment for telephone checks did not seem to me to be of the latest and most-up-to-date pattern. I understand that this particular defect is now being remedied;

but the fact that the improvement was not made earlier may be symptomatic of a lack of briskness and office efficiency throughout the organisation.

From what I read between the lines of the Bland Report, and from what I have heard from those who knew the organisation at first hand some years ago, it was urgently necessary at the end of the war to stiffen up the administration and introduce a higher standard of organisation in the headquarters of S.I.S. This C. set himself to do, with the vigorous and effective help of his new second-in-command; and very considerable improvements were brought about. I cannot help feeling, however, that these may have had the effect of introducing something too much of an atmosphere of military discipline. I hazard the view, with some diffidence, that what may now be required is rather less administration, and possibly less discipline, and rather more of the flexible efficiency which flows from effective office management.

20. The Special Operations work of S.I.S. is at present relatively small. The Foreign Office have hitherto been unwilling to sanction more than a few small-scale "operations" in time of peace. Thus, apart from the planning work in preparation for special operations in war, it has been possible to integrate S.I. and S.O. work throughout the various geographical Production branches of the organisation. I need offer only two comments on the S.O. side of the work:—

First, it is important that those responsible for sanctioning special operations in peace should bear constantly in mind the contribution which such operations can make towards current intelligence. The interest and co-operation of *émigrés* from countries behind the Iron Curtain cannot be retained solely on the basis of paying them to procure intelligence for this country. Their help will be far more readily given if we are willing to do something to further their cause in their own countries. We must rely largely on these *émigrés* to provide us with agents capable of penetrating beyond the Iron Curtain; and such agents are much more likely to be forthcoming if there is some prospect of positive activity against the existing régime in their native country. In the long term, it is only through such *émigrés* that we can hope to establish contact with dissident groups within the countries beyond the Curtain. And, meanwhile, we shall obtain current intelligence as a by-product of any operations undertaken in those countries. Thus, S.O. work in peace-time is not to be regarded as an unprofitable diversion of effort from S.I. work, but rather as an essential complement to it.

Secondly, I should put on record my view that even in war S.I. and S.O. should be kept under a single control. Experience in the last war provided a striking illustration of the dangers of separate control. In war, special operations should continue to be conducted under the control of the head of S.I.S., with the sole exception of large-scale operations conducted in territories where an Allied army is operating. Even in those cases control should continue to rest with S.I.S. during the planning stages, and should only pass to the theatre commander when special operations in the field are about to assume such proportions that they must come under the co-ordination of the military command.

21. As stated in paragraph 5 above, the general state of our intelligence about Russia is not satisfactory. And the results of S.I.S. activities against Russia and the satellite countries have so far been particularly disappointing. It should, however, be remembered that S.I.S. were not free to operate against Russia until after 1945, and that even after that their activities within the Soviet Union were subject to severe restrictions imposed by the Foreign Office on grounds of policy. S.I.S. methods are necessarily such that quick results cannot be expected: on the contrary, they involve a slow and laborious building-up of contacts, which may not yield practical results for several years. To achieve results S.I.S., like all other intelligence services, also need "lucky breaks." So far, they have had few of these since the war ended. But it remains essential that they should maintain themselves in a position in which they can take advantage of the "lucky break," and exploit it to the full, if it comes. It is my impression that it is time (and luck) that will improve the supply of intelligence through S.I.S. channels, rather than any great increase in expenditure on this part of the intelligence service.

GOVERNMENT COMMUNICATIONS HEADQUARTERS

22. I have no recommendations to make about the internal administration of G.C.H.Q. and I do not propose to include here any detailed description of its work or its organisation. This part of our intelligence service proved its worth during the war; and, although it has since lost many of the university dons and other distinguished men who contributed so much to its war-time successes, it has succeeded in maintaining its high standards of technical efficiency and service.

All the users of intelligence are agreed that more valuable information comes to them from G.C.H.Q. than from any of the other secret sources of intelligence. Some, indeed, have gone so far as to say that, of the useful intelligence which they receive from G.C.H.Q. and S.I.S., about 90 per cent. comes from the former and only about 10 per cent from the latter. This is not due to the reading of high-grade Russian traffic; G.C.H.Q. have not yet been able to break any of the higher-grade Soviet cyphers. They have, however, made good use of the lower-grade Soviet cyphers and those of the Satellites. And they have also produced some remarkable results by methods of "traffic analysis," *i.e.*, by the study of call-signs, occurrence, provenance, &c., of messages and everything pertaining to them apart from the text itself. It is right to add that some of the work which is now attracting the praise of consumer Departments results from the large-scale exploitation by G.C.H.Q. of methods and ideas originally contributed by members of S.I.S.

23. The immediate problem confronting G.C.H.Q. is that of maintaining the efficient operation of the interception stations on which their work depends. There are three main deficiencies to be met.

(a) More subordinate and technical staff are required to man these interception stations. The numbers of staff actually in post fall far short of the approved establishments. In the stations maintained by the Services on behalf of G.C.H.Q., this short-fall is due to shortages of Service man-power: in those maintained by G.C.H.Q. itself, it is due largely to difficulty in recruiting staff at the rates of pay hitherto sanctioned by the Treasury. It is of first importance to the intelligence service as a whole that all existing vacancies at these stations should be filled without delay.

(b) There are shortages of specialised equipment. Thus, the programme for providing up-to-date equipment at direction-finding stations in this country and abroad has not yet been completed. Large-scale production of the latest type of "radio finger-printing" equipment has not yet been begun. And the lack of efficient equipment for the frequency bands above 30 megacycles is a serious handicap to interception work on certain types of radio transmissions, such as navigational aids and wireless control systems. In view of the recent Cabinet decision to increase the defence production programme, the Ministry of Supply should now accelerate research, development and production work on the specialised types of equipment required by G.C.H.Q.

(c) Many of the interception posts in this country are housed in temporary war-time buildings, which are inadequate for peace-time conditions and should now be replaced by properly-designed stations. It will be difficult, and at some posts impossible, to house in the existing accommodation the additional staff and equipment required. A building programme for remedying this situation has been prepared: it is important that the Ministry of Works should now make good progress in carrying it out.

24. Looking further ahead, G.C.H.Q. have still to find means of recruiting the higher staff they need for the more difficult branches of their work, particularly crypt-analysis (the breaking of high-grade foreign cyphers). They will always need a small number of highly intelligent people, with advanced training in mathematics and a special flair for this crypt-analytical work. For the present they have contrived to meet this need by persuading some of the specially-qualified people whom they recruited during the war to continue or return to this work, which holds a special attraction for them. But it is a cause of anxiety for the future that, since the war ended, G.C.H.Q. have not obtained, through their normal channels of recruitment for permanent service, a single person with outstanding qualifications for this work. The numbers needed are small, probably not more than three recruits of this type in every two years; but, unless G.C.H.Q. can regularly secure

something like this number of people who are capable of developing into first-class crypt-analysts, the future of this vital part of their work will be in jeopardy.

In recruiting such people for permanent service, G.C.H.Q. must compete with recruitment for the administrative class of the Civil Service. They believe that they are failing to attract the right type of recruit because they cannot offer the same prospects of ultimate promotion as are available in the general administrative class of the Service. In the number and salaries of senior posts G.C.H.Q. compares unfavourably with the ordinary Government Department; and an able young man, looking to the position which he may ultimately expect to reach, may tend to choose service in the general administrative class rather than a specialised career in G.C.H.Q.

G.C.H.Q. have proposed that this situation should be remedied by increasing the salaries of the senior posts in their organisation. If this solution cannot be adopted, another possible remedy might be to provide, for those who wish to take it, some outlet from G.C.H.Q. into the Foreign Service or the general administrative class of the Home Civil Service. Although I do not feel able to recommend any particular solution of this problem, I feel bound to point out that the whole future of this vital part of our intelligence services depends on the continuing capacity to recruit people with the high intellectual qualifications necessary for crypt-analysis.

III

INTER-RELATION OF THE DIFFERENT SERVICES

SECURITY SERVICE AND S.I.S.

25. In the past the relations between the Security Service and S.I.S. have often been very far from satisfactory: rivalry, jealousies and mutual trespassing on one another's territory have been common. I am glad to be able to report that in this respect there has been a marked improvement. The relations between the two services are to-day more cordial and close than ever before; and on both sides there is a new readiness to appreciate the other's problems and difficulties and to work together for a common end. This satisfactory situation reflects great credit on those at the head of the two services. It will be important, when the time comes to appoint their successors, to ensure that the ground so gained is not lost.

26. Good examples of this new spirit of co-operation are offered by the two establishments known as SIME and SIFE (Security Intelligence, Middle East, and Security Intelligence, Far East). Though both the heads and deputy heads of these establishments happen to be officers of the Security Service, they are served by completely integrated staffs drawn from S.I.S. and the Security Service. All information is freely exchanged between the two sides of this integrated staff; and in some posts one man is able to do the work of both the Security Service and S.I.S. Each side of the organisation reports back separately to its own headquarters in London, but both sides jointly supply material to the local Joint Intelligence Committees. At each of the headquarters in London I was assured that there had been a marked improvement in the quality of the reports received from their representatives in the area as a result of the pooling of information which now takes place locally since the establishment of the joint organisation. There is no doubt that this experiment in integration is working well, to the satisfaction of the local military authorities as well as of the London headquarters of the two services.

27. Outside the special areas of SIME and SIFE, the spheres of responsibility of the Security Service and S.I.S. are still divided on a geographical basis—the former being restricted to the United Kingdom and other Commonwealth countries, and S.I.S. operating mainly in foreign countries. In the present state of relations between the two services the precise delimitation of spheres of responsibility is perhaps less important than it once was; but I doubt whether a geographical distinction is in fact the proper basis of differentiation between them. The essential difference between the Security Service and S.I.S. is one of function: the function of S.I.S. is the collection of intelligence and that of the Security Service is counter-espionage. Some intelligence about foreign countries can be collected in the United Kingdom and other Commonwealth territories: and to counter espionage against this country vigilance may sometimes have to be exercised beyond the limits of Commonwealth territory. There is, of course, a further factor to be taken into

account—and this is doubtless the reason why the jurisdiction of the two services has hitherto been delimited in terms of geography. It would be disastrous if the Security Service and S.I.S. were both free to maintain clandestine agents in the same country, working unknown to each other and possibly in opposition to each other. And on this account it must continue to be the rule that only S.I.S. may operate clandestine agents in a foreign country. But if there is good reason why the Security Service should post a liaison officer, say, in Brussels, with the full knowledge and consent of the Belgian Government, they should not be prevented from doing so by the automatic operation of a rule that the Security Service operates only in Commonwealth countries. The case for such a posting should be considered, in consultation with S.I.S., on its merits and in the light of its advantages from the point of view of advancing international co-operation in security matters and assisting the Security Service in its duty of safeguarding this country against espionage. The concurrence of S.I.S. should continue to be sought; but S.I.S. should not regard their agreement as something to be conceded only as a special dispensation. In short, the division of responsibility between the Security Service and S.I.S. should be treated in practice, as well as theory, as a functional rather than a geographical distinction.

28. Duplication and overlapping between the Security Service and S.I.S. have now been brought to what is probably the irreducible minimum. There is still some overlapping in their studies of the organisation and methods of Communist Parties in foreign countries. But neither of the two services could properly be asked to discontinue its work in this field. The Security Service must pursue these studies because of their bearing on the methods of the British Communist Party. But, for information which must be collected abroad by clandestine means, they have to rely on material supplied to them by S.I.S. And S.I.S., apart from their duty to collect material needed by the Security Service, have to collate and appreciate this information for the purpose of their own dealings with Communist organisations and counter-espionage services in foreign countries. In these processes of collation there is undoubtedly some duplication of work between the two services; and this cannot be wholly eliminated while they are housed in different buildings. Similarly, there is some unavoidable overlapping between the indexes of individuals which are maintained, for somewhat different purposes, by the two services.

It has, however, been agreed that the two services shall in future be housed in a single building, which is now in course of construction. When they are thus brought together, those sections of the two services whose work is most closely allied will be accommodated in close proximity to one another; and when they are working side by side means will be found of reducing still further this remaining duplication of effort.

Under present plans this new building should be ready for occupation by the end of 1953. It is most important that this plan for housing the two services in a single building should not be allowed to miscarry, and that its execution should not be delayed.

S.I.S. AND G.C.H.Q.

29. G.C.H.Q. is in no sense fully integrated with S.I.S.: in the conduct of its day-to-day work and in the administration of its staff its Director has in practice an independent command. But the head of S.I.S. (C.) holds the title of Director-General of G.C.H.Q. and exercises ultimate control over its policy. This he does in a personal capacity: none of his senior officers at S.I.S. headquarters has any responsibility for, or detailed knowledge of, the working of G.C.H.Q.

This arrangement is working satisfactorily at present because the personal relations of the present heads of the two organisations are close and friendly. It has not always worked so well in the past; and, as both C. and the present Director of G.C.H.Q. will retire before very long, I have considered whether this arrangement should continue when new men are at the head of both organisations.

The main arguments in favour of making G.C.H.Q. fully independent are these. First, it is a large organisation, with

and is fully capable of standing on its own feet. Secondly, much of its work is highly complex and technical, and it is difficult for anyone who is not living with it from day to day to get a thorough grasp of the work and keep abreast of its developments. Thirdly, it can be argued that control over S.I.S. is a full-time job in itself, and that the head of it should not be distracted by the additional responsibility of supervising the interception work. These

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problems have proved manageable for the present head of S.I.S., since he has taken a close personal interest in the interception work over a number of years and has grown up with the two organisations as they have expanded. But, as stated above, there is no one else in S.I.S. who has anything like his knowledge of the work of G.C.H.Q.; and a new head of S.I.S., even if he has had previous experience in that organisation, will find much greater difficulty in exercising this personal control over the interception work. This difficulty will be increased when G.C.H.Q. moves to Cheltenham.

On the other hand, there are strong arguments against complete separation of the two organisations. First, though I do not think it possible to bring S.I.S. and the Security Service under the control of a single individual (see paragraph 41 below), there are objections to any avoidable multiplication of separate commands in the secret intelligence world. The very nature of this work encourages secretiveness, rivalry and reluctance to give full co-operation; and the risk of inadequate co-operation between S.I.S. and G.C.H.Q. is undoubtedly lessened by the fact that the two organisations are ultimately under the control of a single individual. Secondly, the very fact that the work of G.C.H.Q. is so largely technical is a reason for not giving it full independence. The nature of the work is such that there is some risk that the senior people engaged in it may become more interested in its techniques than in the content of the intelligence derived from them. From this point of view it is probably a healthy corrective that the head of S.I.S. should have ultimate control over the policy of G.C.H.Q. Thirdly, S.I.S. can do much to help the work of G.C.H.Q., e.g., by procuring cypher books and cypher machines used by foreign countries, by obtaining collateral information against which the results of G.C.H.Q. work can be checked and in a variety of other miscellaneous ways. There is greater assurance that this help will be forthcoming if the head of S.I.S. continues to be ultimately responsible for the interception work. Fourthly, if he were not so responsible, the head of S.I.S. might be less careful to prevent his agents from compromising the sources of information secured through interception of wireless traffic. There were occasions in the last war when the head of S.I.S. thought it right to expose his own agents to grave risk of capture rather than protect them by means which might have compromised G.C.H.Q.'s sources.

These arguments are nicely balanced; but I myself conclude that, on the whole, the balance of advantage lies in favour of continuing the present arrangement by which the head of S.I.S. is Director-General of G.C.H.Q.

30. If this arrangement is continued, however, it should be borne in mind that it will not work satisfactorily unless the personal relations between the head of S.I.S. and the Director of G.C.H.Q. continue to be close and cordial. This point should be kept in mind when the time comes to appoint new heads of both these organisations.

Looking to the future, I also think it unsatisfactory that C.'s senior assistants in S.I.S. should have so little knowledge of the working of G.C.H.Q. Although control over G.C.H.Q. continues to be exercised as a purely personal responsibility of C. himself, it is desirable that some of the more senior officers in S.I.S. should acquire a more intimate knowledge than they now have of the organisation, problems and methods of work of G.C.H.Q. There may also be need for a rather closer working relationship, at lower levels, between S.I.S. and G.C.H.Q. These points will need special attention when the main body of G.C.H.Q. moves to Cheltenham; and it will be helpful if the London office of the organisation can then be located in the same building as S.I.S.

Finally, I consider that the Director of G.C.H.Q. should in future be a member of the Joint Intelligence Committee, in his own right, so that he can at first hand present the views and problems of his organisation and make a direct and personal contribution towards the collective discussion of intelligence problems.

G.C.H.Q. AND DIRECTORATE OF SCIENTIFIC INTELLIGENCE

31. It is my impression that, in general, relations between the various agencies concerned with intelligence work are at present satisfactory. Indeed, given the nature of the work and the secretiveness which it inevitably engenders, it is gratifying to find so much readiness to co-operate and to establish smooth working relations among the various parts of the organisation. There is, however, one exception. I am sorry to have to record that the newly-created Directorate of Scientific Intelligence has not been able to establish cordial relations with the older

intelligence agencies. Its present Director, Dr. B. K. Blount, is a man of great ability who has applied himself with energy and enthusiasm to the task of improving the state of our scientific intelligence and securing wider recognition of its importance in the general intelligence picture. The appreciation of scientific intelligence has undoubtedly been improved under his direction. But in the pursuit of his objectives he has sometimes shown more vigour than judgment; and the unsatisfactory relations between his Directorate and the other agencies is due, in large part, to the impression thereby created that he is seeking to extend his "empire."

The lay-out of our secret intelligence organisation is based broadly on the principle that, as information is drawn from a number of different sources and supplied by a number of different agencies, the work of collating and appraising the information collected is best left to the consumer. The corollary of this is that the consumer should not himself collect information within the field of any of the collecting agencies; and special difficulties arise if a consumer attempts to trespass on ground covered by the agencies responsible for collecting intelligence by clandestine means. Dr. Blount, however, has let it be known that in his view the best results are obtained when scientific intelligence is collected by those who have the best technical qualifications for appraising it. He believes that no avoidable barriers should be placed between the members of his Directorate and the sources of the information with which they are concerned, and that those responsible for co-ordinating scientific intelligence should have a reasonable freedom in organising its collection. Some of the collecting agencies, feeling that their work might be prejudiced by a forceful application of these principles, may at first have shown some reluctance to co-operate fully with the new Directorate; and Dr. Blount has certainly felt that he was not taken fully into the confidence of the heads of other agencies and that he was wrongly denied a seat on some of the inter-agency bodies, e.g., the Board dealing with signals intelligence. I need not attempt a nice apportionment of blame for this situation: the fact remains that there is now a state of tension which makes it impossible to secure full co-operation between the Director of Scientific Intelligence and the other intelligence agencies.

32. Particular difficulty has arisen over the responsibility for "noise listening," viz. the study (by both aural and visual means) of various types of signals (e.g., radar beacons) which are not used for the communication of messages. The Director of Scientific Intelligence has inherited responsibility for a "noise listening" unit in Germany, which was established by an earlier organisation in the Air Ministry and is still borne on the Air Ministry Vote. He is anxious to maintain and develop this "noise listening" work, as a function of the Directorate of Scientific Intelligence. G.C.H.Q., on the other hand, already maintain a large organisation for wireless interception and are obliged, for the purposes of their own work, to maintain a general search for wireless impulses which could cover the study of impulses not carrying communications. Their main concern is, of course, with the interception of communications; and they would probably admit that in the past they have not paid as much attention to "noise listening" as they might. They would now, however, be willing to develop this branch of their work and to apply more of their resources to it; and it is certainly arguable that it would be more economical if the development of this work were entrusted to G.C.H.Q., who have the necessary organisation and equipment to handle it. The Director of Scientific Intelligence is, however, asserting, as a matter of principle, his right to maintain and develop separate activities in this field; and he has not been willing to come to any agreement with G.C.H.Q. on the subject. (A possible compromise might be to leave with the Directorate of Scientific Intelligence the responsibility for research into new radar "noises," while transferring to G.C.H.Q. the task of maintaining a watch on, and collecting information about, the more routine "noises." This arrangement would have the advantage that, if this traffic expanded, G.C.H.Q. with its large resources would be better equipped to handle it than any small organisation which could be established under the control of the Director of Scientific Intelligence.)

I have not been able to form a final opinion on this question. Technical issues are involved; and I recommend that an independent person with appropriate scientific qualifications should be invited to enquire into it and submit a report.

The J.I.C. might be asked to suggest one or two persons who would be qualified to hold this enquiry; but, as one of the parties to the dispute is responsible to the Foreign Secretary and the other to the Minister of Defence, it seems inevitable

that the Prime Minister himself should appoint the investigator and take the final decision on receipt of his report. The problem, though troublesome, is not large and the enquiry should be quickly completed.

ATOMIC ENERGY

33. The Atomic Energy division of the Ministry of Supply is responsible for collating intelligence on atomic research and development in all parts of the world outside the United States. For this purpose it draws directly upon the secret intelligence agencies, and it has established close and cordial relations with them. Reference is made below (paragraph 37) to the valuable work done by a special section of G.C.H.Q., in co-operation with the Ministry of Supply, in tracing the development of atomic energy work in the Soviet Union. And S.I.S. have established a specially close contact by arranging for one of their scientific officers to divide his time between their headquarters and the Atomic Energy division of the Ministry of Supply. As a result, they are closely in touch with the current state of our intelligence on atomic energy development and are able to see where they could most helpfully apply their resources, whether for collecting intelligence or for conducting special operations.

34. This separate collation of atomic intelligence by the Ministry of Supply is, however, viewed less favourably by those responsible for collating other intelligence. The Director of Scientific Intelligence, in particular, finds it illogical and inconvenient that atomic energy should be the only branch of scientific activity which is excluded from his jurisdiction. And the J.I.C. themselves feel some anxiety about their lack of direct control over a field of intelligence which is of such importance in measuring the aggressive power of a potential enemy. These misgivings are not, of course, confined to those concerned with the intelligence aspects of atomic energy work. They are shared, for example, by the scientists responsible for the central co-ordination of defence research and development. But the existing distribution of responsibility for intelligence work on atomic energy flows from the decision, taken on grounds of high policy, to concentrate in this division of the Ministry of Supply a special and exclusive jurisdiction over all aspects of atomic energy work. So long as that general decision stands, I can see no sufficient grounds for adopting a different arrangement merely for the intelligence aspects of the work. I do, however, consider that, so long as they have this separate responsibility, the Ministry of Supply should regard themselves as under a special obligation to satisfy the J.I.C. that the resources which they are applying to the intelligence side of this work are sufficient, in amount and in quality, to give confidence that the best practicable results are being achieved.

ALLOCATION OF RESOURCES BETWEEN THE VARIOUS AGENCIES

35. I was asked to give particular attention to the question whether the existing allocation of resources between the various agencies is in accord with modern conditions. It is in fact difficult to find any satisfactory yardstick by which to measure this allocation of resources. The function of the Security Service is quite different from that of the agencies responsible for collecting intelligence; and there would be no logic in deciding to spend less on counter-espionage in order that more might be available for intelligence work. Even between the various agencies responsible for the collection of intelligence, there is no single criterion by which one could safely measure the allocation of resources. The principle of payment by results could not be applied without qualification. At the present time there is no doubt that G.C.H.Q. are producing a much greater volume of intelligence than S.I.S. This is a good reason for giving to G.C.H.Q. such small additional resources as they require to enable them to exploit their present advantages to the full; and I have already referred to their current needs in paragraph 23 above. But the relative success of G.C.H.Q. is not a good reason for starving S.I.S. In recent years, the run of luck has been for the most part with G.C.H.Q., who have not failed to exploit it very fully. But at any moment their luck may change, through circumstances quite outside their control.

Conversely, S.I.S. may at any moment get a "lucky break"; and nothing should be done which would leave them in a less favourable

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position to grasp the opportunity if the luck turns their way, as it well may do. Certain proposals have in fact been submitted recently for additional expenditure by S.I.S. in preparation for war, and these have now been sanctioned.

36. My impression is that there is at present no sufficient reason to make any substantial modification in the allocation of resources between the secret intelligence agencies. But it does not follow that the allocation which is broadly right in 1951 will necessarily be the best division of available resources in 1952 or subsequent years. I therefore consider that there should be some continuing machinery for assessing and balancing the financial demands of these agencies and of the two central agencies for the collection of overt intelligence (the Joint Intelligence Bureau and the Directorate of Scientific Intelligence). I recommend the appointment of a small standing Committee consisting of the Secretary of the Treasury (in the Chair) and the Permanent Heads of the Foreign Office, Home Office and Ministry of Defence, with the duty of reviewing each year the allocation of funds between the Security Service, S.I.S., G.C.H.Q., J.I.B. and D.S.I. This Committee would meet annually, before the presentation of the Estimates. It would not attempt to scrutinise the estimate for each service in detail: that task would continue to lie between the Treasury and the Department responsible for submitting the detailed estimate. The function of the Committee would be to ensure that the distribution of resources between these intelligence agencies was broadly appropriate, having regard to their relative needs, which may well change from year to year, and to the sum total of funds available. The Committee should be assisted in this task by the Chairman of the Joint Intelligence Committee and the Under-Secretary in the Home Finance Division of the Treasury who is responsible for the administration of the Secret Vote.

IV

RELATIONS BETWEEN COLLECTORS AND USERS OF INTELLIGENCE

37. The lay-out of our secret intelligence organisation is based broadly on the principle that those responsible for collecting intelligence should not also collate or appreciate it. One of the reasons for adopting this principle of organisation is that the collector of intelligence must work in a restricted sphere and is in danger of attaching undue importance to his own sources: he is not in a position to take a detached view. A properly constituted collating agency, on the other hand, receives items of intelligence from a number of different sources: it can compare and evaluate one against another, and is in a better position to take a synoptic view and produce a balanced judgment.

I recognise the validity of this general argument and accept the necessity for organising our intelligence system on this basis; but at the same time I have been impressed by the fact that, when by force of circumstances a collecting agency has been compelled to do some of its own collation, the results have often been excellent.

I have no doubt that these successes have been due largely to the element of continuity in the study of these problems in the collecting agencies. There a man is able to devote himself to one subject, or one group of cognate subjects, for a continuous period, and to build up in his own mind an invaluable corpus of experience. Such a man, if a piece of the jig-saw puzzle turns up to-day, will be able to match it mentally with the neighbouring piece which he may have picked up some time ago, and the chances of completing the picture are thereby greatly improved. This moves me to offer some observations on the staffing of the collating agencies in the Service Departments and the Foreign Office.

THE INTELLIGENCE BRANCHES OF THE FIGHTING SERVICES

38. A full enquiry into the organisation and working of the Intelligence Branches of the Services was made in 1947 by Air Chief Marshal Sir Douglas Evill. I have not attempted to traverse the ground which he covered in his report;* but I

* "Review of Intelligence Organisations, 1947."—Report by Air Chief Marshal Sir Douglas Evill, (Ministry of Defence, Misc./P. (47) 31).

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PUBLIC RELATIONS

have discussed with the three Directors of Intelligence this problem of securing some continuity of experience in their Branches. The Directors of Intelligence have two main staffing problems—to get good men, and to retain their services for a reasonable period. They are satisfied that, as a result of the Evill Report, there has been a marked improvement in the calibre of the serving officers seconded for duty in the Intelligence Branches. The Royal Navy and the Army have responded well to this recommendation of the Evill Report, the Royal Air Force perhaps rather less well. But the problem of continuity of experience remains. For these officers cannot be retained in Intelligence for more than two, or at most two and a half, years without prejudicing their subsequent career in their Service. And there cannot be much continuity of experience in a Branch in which, at any given moment, none of the senior assistants has spent more than two years on intelligence work and most have spent substantially less. I fully recognise that in a Service Intelligence Branch an element of recent technical or “regimental” experience is essential: those who are required to collate and appraise intelligence on, say, Russian fighter aircraft must include some who have had recent experience of flying jet aircraft. To my mind, however, there should also be an element of continuity of experience in intelligence work if a corpus of knowledge is to be built up and the fullest possible use is to be made of the material supplied by the collecting agencies. What is needed is a combination of the accumulated experience of men who have spent some time on intelligence work and the fresh minds of officers who come into the Intelligence Branches from “regimental” duty. There is no single solution to this problem, but I offer the following suggestions for the consideration of the Service Departments:—

First, serving officers who have shown a special aptitude for intelligence work might more often be posted for a second tour of duty in the Intelligence Branch later in their career.

Secondly, officers who have done useful work in Intelligence, but have little prospect of further advancement in the Service after completing their normal tour of duty there, might more often be retained for a further period as serving officers or re-employed as civilians.

Thirdly, consideration might be given to the possibility of posting administrative civil servants to Intelligence Branches. At the rank of Principal they could serve in such branches for three to five years without prejudice to their subsequent career. During the war men of this type served with distinction in the Intelligence Branches of the Service Departments as temporary officers; and for the most part they had not had any experience of “regimental” duty. There is abundant testimony to the fact that men of the cast of mind of university research students can make a most valuable contribution to intelligence work. The administrative class of the Civil Service contains quite a number of men of this type, and some will be found from time to time in Service Departments. A decision to employ suitable Principals in the Intelligence Branches would have the double advantage of helping to provide more continuity of experience in those Branches and at the same time extending the scope for useful work by civilians of the administrative class in the Service Departments.

THE FOREIGN OFFICE

39. The Foreign Office, besides collecting political intelligence through its Embassies and Legations abroad, is also an important customer of the secret intelligence agencies. The information which it receives from these sources goes directly to the political branches handling policy: there is no central collating organisation comparable with the Intelligence Branches of the Service Departments. Political intelligence differs in kind from military intelligence, and it is the view of the Foreign Office that it can best be appraised by the political branches of the Office which are in daily touch with the current affairs of the countries concerned. I agree that the military analogy should not be pressed: there is little scope in political intelligence for the elaborate mosaic work by which the picture of a foreign country's order of battle is built up by a military Intelligence Branch. And I recognise that a considerable proportion of the political intelligence received from the secret intelligence agencies affects the current day-to-day business of the political branches of the Foreign Office and should be transmitted directly to them. There is, however, also a need for more leisurely appreciations of long-term political trends and

tendencies in foreign countries, for the preparation of which it may sometimes be difficult for the political branches to find time in the hurly-burly of their day-to-day duties. On the economic side of their work the Foreign Office have found it necessary to make special provision for this in the Economic Intelligence Department. It is possible that some further provision for it on the political side might be helpful to the Permanent Under-Secretary's Department of the Office, which is often called upon to provide political appreciations at short notice for the Joint Intelligence Committee or the Chiefs of Staff Committee.

40. I would not suggest that the Research Department of the Foreign Office could assume, in the political field, functions similar to that discharged in the economic field by the Economic Intelligence Department. I understand, however, that proposals are now under consideration for reducing the work of the Research Department and restricting its scope to that of a reference branch. If this is done, some staff will become available who would have good qualifications for employment on intelligence work and considerable specialised knowledge of various countries. It might be useful if some of these people could be attached to the appropriate political branches of the Foreign Office for the purpose of assisting in the preparation of the long-term appreciations of political intelligence which are required from time to time for the purposes mentioned above. This suggestion, which I offer with diffidence, might lighten the burden which now rests on the heads of the political branches and on the Permanent Under-Secretary's Department.

V

CO-ORDINATION OF THE INTELLIGENCE AND SECURITY SERVICES

MINISTERIAL RESPONSIBILITY

41. In past discussions on the co-ordination of these services the proposal has sometimes been mooted that the Security Service and S.I.S. should be brought under the control of a single individual. It is no longer necessary to set out the arguments for and against this proposal, for there is now one fact which is conclusive. These two services have grown so large and complex that no single individual could now exercise effective control over them both—particularly if, as I recommend, the head of S.I.S. is to continue to carry the additional responsibility of supervising G.C.H.Q. The secret intelligence and security services must continue to have two official heads—C., responsible for S.I.S. and G.C.H.Q., and the Director General of the Security Service.

42. For both S.I.S. and G.C.H.Q. C. is responsible to the Foreign Secretary. I see no reason to change this arrangement.

The Director of the Security Service is at present responsible directly to the Prime Minister. This results from a Report on the Security Service submitted by Sir Findlater Stewart in 1945 (dated 27th November, 1945), which recommended that, as this service is concerned to ensure "the defence of the Realm," it should be responsible to the Prime Minister pending the appointment of a separate Minister of Defence. I believe that Sir Findlater Stewart exaggerated the "defence" aspects of the Security Service and was mistaken in regarding it as an integral part of the defence organisation. In practice, the Security Service has little to do with those aspects of "the defence of the Realm" with which the Minister of Defence is concerned. And the arrangement by which the Security Service is directly responsible to the Prime Minister is now justified mainly by the fact that it enhances the status of the Service. I see no reason why this Service should enhance its prestige at the expense of the Prime Minister. And I see some positive disadvantages in this arrangement. First, it draws special attention to the failures and mistakes of the Service, which are bound to occur from time to time: it is a disadvantage that the Prime Minister should be drawn, directly and immediately, into Parliamentary discussion of these. Secondly, the Prime Minister cannot be expected himself to exercise any effective supervision over the work of the Service, and he has in his Secretariat no one who could do so on his behalf. Thirdly, it is wrong that the Prime Minister should be expected to champion the Security Service in any dispute or conflict of interests with other Ministers in which it may become involved. In such matters the Prime Minister should remain disinterested, so that in the last resort he can resolve differences between his Ministerial colleagues. This is all the more necessary if, as Sir Findlater Stewart assumed, there is risk that the

work of the Security Service may throw up conflicts between military and civil interests.

In practice the functions of the Security Service are much more closely allied to those of the Home Office, which has the ultimate constitutional responsibility for "defending the Realm" against subversive activities and for preserving law and order. I recommend that the Security Service should in future be responsible to the Home Secretary, in the same way as S.I.S. is responsible to the Foreign Secretary. This would not affect the direct relations maintained between the Security Service and the many other Departments which it serves or advises. Nor would it mean that the Security Service would in any sense become a part of the Home Office. It would, of course, carry with it the consequence that the Permanent Under-Secretary of State, Home Office, would have the responsibility of advising the Treasury on the annual budget of the Security Service. I believe that it would be helpful to the Director-General of the Security Service to be able to turn to a senior Permanent Secretary for advice and assistance on the policy aspects of his work and on his relations with other Government Departments; and that he would receive from the permanent head of the Home Office support and guidance which the Prime Minister's Secretariat is not in a position to give. Incidentally, I believe that this relationship would also have a healthy influence in keeping before the minds of the senior officials in the Home Office their essential duty of countering subversive activities as part of the fundamental responsibility of the Home Office for preserving law and order.

The Prime Minister's personal contacts with the Director-General of the Security Service need not be wholly interrupted as a result of this change in Ministerial responsibility. The Prime Minister would doubtless continue to send for the head of the Security Service from time to time, as he would send for the head of S.I.S., to discuss the general state of their work and particular matters which might be of specially close concern to him. And on matters of supreme importance or delicacy the heads of these two Services should always be able, at their initiative, to arrange a personal interview with the Prime Minister.

43. It has sometimes been suggested that the Prime Minister might secure closer co-ordination between the secret intelligence and security services by inviting a Junior Minister to interest himself in their work on his behalf. I do not think that this would be a satisfactory arrangement. Many of the activities of these agencies cannot be publicly avowed, and must if necessary be disowned, by the Government: that being so, it is convenient that in time of peace Ministers (and particularly Junior Ministers) should know no more about them than they need. Moreover, the kind of assistance which the heads of these services might require, *e.g.*, in disputes with Departments or efforts to secure facilities from them, can probably be given more effectively by Permanent Secretaries than by a Junior Minister.

I therefore recommend that, for general advice on the work and efficiency of these services, the Prime Minister should in future rely on the Committee of Permanent Secretaries whose appointment I have recommended in paragraph 36 above. Their primary function would be to advise on the allocation of resources between the various services; and I would prefer that their formal terms of reference should not go beyond this. But they would include some of the most senior heads of Departments; and through their individual contacts with the various parts of the organisation and through the collective duty imposed on them by their terms of reference they would acquire a broad knowledge of the work of the organisation as a whole. I would expect that the Prime Minister would find them a useful source of advice on all general questions of policy and organisation relating to the intelligence and security services. For the co-ordination of the day-to-day work of these services machinery is already available in the Joint Intelligence Committee.

JOINT INTELLIGENCE COMMITTEE

44. The J.I.C. includes the Directors of Intelligence of the three Services and the Directors of S.I.S., the Security Service, the Joint Intelligence Bureau, and the Directorate of Scientific Intelligence. Its Chairman is the Superintending Under-Secretary in charge of the Permanent Under-Secretary's Department of the Foreign Office, which is responsible for liaison with the Services. I have recommended (paragraph 30) that the Director of G.C.H.Q. should also become a full member of the Committee.

Apart from its general work of co-ordination, the most important function of the Joint Intelligence Committee, for the purposes of this report, is the determination of intelligence "targets" and of priorities between them. It is by this means that the J.I.C. sets the tasks, and guides the work, of the intelligence-collecting agencies. There would be advantage in concentrating in the J.I.C. the whole of this work on intelligence "policy"; and I recommend that the Chiefs of Staff should consider whether the J.I.C. should not now take over from the Sigint Board (see paragraph 47) responsibility for such questions of intelligence policy relating to signals intelligence.

45. The Foreign Office have in recent years established very close and cordial relations with the Chiefs of Staff and with the intelligence and security services; and the staff of the Permanent Under-Secretary's Department, which is responsible for this liaison, has been substantially strengthened for the purpose. The arrangement by which the head of this Foreign Office Department acts as Chairman of the J.I.C. has proved particularly valuable, and should certainly be continued. His work is, however, very heavy and exacting and he needs more, and more highly-skilled, assistance if he is to get full value from the inter-Service and interdepartmental machinery which he controls. His staff within the Foreign Office has recently been increased. There is a similar need to strengthen the inter-Service staff which works for him in his capacity as Chairman of the J.I.C. The Secretariat of the J.I.C. should be strengthened, both in numbers and in quality; and it should be headed by an experienced officer (possibly of the rank of full Colonel or its equivalent) selected on account of his special aptitude for intelligence work. Special efforts should also be made to improve the calibre of the officers serving on the Joint Intelligence Staff.

The general reports and appreciations now submitted by the J.I.C. to the Chiefs of Staff and to Ministers contain a great deal of useful information; but their value would be enhanced if more attention could be given to their form and presentation. Many of them are far too long, and have too much of an "omnibus" character, to achieve their purpose. The Chiefs of Staff and Ministers would be better served if the J.I.C. could more often prepare reports relating specifically to particular issues currently under discussion and present, in a concise and readable form, appreciations limited to those issues. If the Secretariat and Staff were strengthened by the addition of a few officers of rather higher calibre, it would be much easier for the Chairman to ensure that the material available to the Committee was presented in a more helpful form.

THE SIGINT ORGANISATION

46. The Sigint (Signal Intelligence) organisation is under the general direction of the Sigint Board, which comprises representatives of the Foreign Office and of the Intelligence and Signals branches of the three fighting Services. The Director of G.C.H.Q. is a member of the Board, and its Chairman is the head of S.I.S. in his capacity as Director-General of G.C.H.Q. Under the Sigint Board there are two "Junior" Sigint Boards, both under the chairmanship of the Director of G.C.H.Q. One Junior Board, for operations, consists of the Directors of Signals and representatives of G.C.H.Q.; on the other, for intelligence priorities, the Director of G.C.H.Q. sits with representatives of the Service Directors of Intelligence.

The relevant part of the Charter of the Sigint Board (adopted by the Chiefs of Staff on 17th August, 1945) reads as follows:—

"The Signal Intelligence Board is responsible to the Chiefs of Staff for instituting and carrying out within the British Empire, and in collaboration with other nations when authorised, the Chiefs of Staff policy in respect of the interception of all communications and radio transmissions of other nations; the cryptography and traffic analysis required for their interpretation; the resulting intelligence and the manner and extent of its distribution."

The main function of the Board is to set the "targets" for signals intelligence and to discuss other questions of policy relating to the interception work. In this it overlaps to some extent the work of the J.I.C., which has the responsibility "under the Chiefs of Staff, to plan, and to give higher direction to operations of defence intelligence and security, to keep them under review in all fields and to report progress."

There are therefore two defects in this part of the central machinery for the co-ordination of intelligence work. First, as indicated above, there is some duplication and division of authority between the J.I.C. and the Sigint Board. Secondly, while the Sigint Board was originally intended to include all the "principal users of intelligence," it no longer does so, since the Director of the Joint Intelligence Bureau and the Director of Scientific Intelligence were not added to the Board when their organisations were established.

47. I recommend that the Chiefs of Staff should consider how the existing organisation can best be modified so as to remedy these two defects. The simplest arrangement might be to abolish the Sigint Board itself and to transfer its responsibilities to the J.I.C., leaving the two Junior Sigint Boards to continue as at present constituted. As, however, the full co-operation of the Directors of Signals is essential to the Sigint organisation, it is important that they should be included as full members of whatever senior body is responsible for the higher direction of the organisation. The Chiefs of Staff might secure this by directing the J.I.C. to hold regular joint meetings with the Directors of Signals to deal with matters of policy at present handled by the Sigint Board. Alternatively, the same result might perhaps be obtained by leaving the Sigint Board in existence, but reconstituting it by adding to its membership the Director-General of the Security Service, the Director of the J.I.B. and the Director of Scientific Intelligence, and by giving the chairmanship to the Chairman of the J.I.C., or in his absence the senior Service Director of Intelligence present.

VI

SUMMARY OF RECOMMENDATIONS

48. It might be misleading to summarise my general impressions on the state of efficiency of the intelligence and security organisation, particularly those contained in Part II of the report. My specific recommendations may, however, be summarised as follows:—

- (i) The Requirements Branch of S.I.S. dealing with political intelligence should include at least one seconded member of the Foreign Service (paragraph 14).
- (ii) The Requirements Branch of S.I.S. dealing with scientific intelligence should similarly include a seconded officer from the Directorate of Scientific Intelligence (paragraph 14).
- (iii) S.I.S. should keep a careful watch on the tendency towards an excessive preoccupation with administration; and they should lose no opportunity of reducing the proportion of staff engaged in organising the collection of intelligence (paragraph 15).
- (iv) The Treasury should appoint a working party to consider (a) the problems of cover in recruiting for S.I.S., and the suggestion of a "General Intelligence Service"; (b) the disposal of S.I.S. officers who, for no fault of their own, have become unsuitable for further employment in S.I.S. (paragraph 16).
- (v) The conception of S.I.S. as a career service should not be carried so far as to preclude temporary or special appointments (paragraph 17).
- (vi) The headquarters of S.I.S. should be moved as soon as possible to a building which it can share with the Security Service. No delay should be allowed in completing the building now in course of construction for this purpose (paragraphs 18 and 28).
- (vii) Projects for special operations in peace-time should be judged, not only for their direct results, but also for their value in assisting the collection of secret intelligence (paragraph 20).
- (viii) S.I.S. should continue to control special operations work in peace-time, and in war-time also until actual operations in the field require co-ordination by the military command (paragraph 20).
- (ix) The division of responsibility between the Security Service and S.I.S. should be treated in practice, as well as theory, as a functional rather than a geographical distinction. It should be open to the Security Service, with the concurrence of S.I.S. and the knowledge of the Government concerned, to maintain liaison officers in foreign countries (paragraph 27).

- (x) The Head of S.I.S. should continue to be Director-General of G.C.H.Q. (paragraph 29).
- (xi) Some of the more senior officers in S.I.S. should acquire a closer knowledge of the organisation and methods of G.C.H.Q. and there may also be a need for a closer working relationship, at lower levels, between the two organisations (paragraph 30).
- (xii) When G.C.H.Q. is moved to Cheltenham, its London office should be located in the same building as S.I.S. (paragraph 30).
- (xiii) Approved establishments for technical and subordinate staff at wireless interception stations should be filled without delay (paragraph 23).
- (xiv) The Ministry of Supply should accelerate research, development and production work on the specialised equipment required by G.C.H.Q. (paragraph 23).
- (xv) The Ministry of Works should press forward with the building programme for wireless interception stations (paragraph 23).
- (xvi) Further thought should be given to the problem of meeting the long-term needs of G.C.H.Q. for people with the qualifications required for crypt-analysis (paragraph 24).
- (xvii) The Director of G.C.H.Q. should be *ex officio* a member of the Joint Intelligence Committee (paragraphs 30 and 44).
- (xviii) A person with appropriate scientific qualifications should be appointed to enquire into the question of future responsibility for "noise listening" and to report to the Prime Minister (paragraph 32).
- (xix) The Ministry of Supply should satisfy the J.I.C. that adequate resources are being applied to the collation of intelligence on atomic energy (paragraph 34).
- (xx) There should be a small Standing Committee of Permanent Secretaries to consider annually the distribution of resources between the main intelligence agencies (paragraph 36).
- (xxi) The Service Departments should consider various suggestions for ensuring a greater element of continuity in the staff of their Intelligence Branches (paragraph 38).
- (xxii) The Foreign Office should consider attaching to the appropriate political branches some officers to assist in the preparation of long-term appreciations of political intelligence (paragraph 40).
- (xxiii) S.I.S. and the Security Services should not be brought under the control of a single official head (paragraph 41).
- (xxiv) The Security Service should in future be responsible to the Home Secretary (paragraph 42).
- (xxv) The suggestion that a Junior Minister might, on the Prime Minister's behalf, interest himself in the work of the Secret Intelligence and Security Services is not to be commended (paragraph 43).
- (xxvi) The Secretariat of the J.I.C. and the Joint Intelligence Staff should be strengthened in numbers and quality. Reports submitted by the J.I.C. should be shorter and more selective (paragraph 45).
- (xxvii) The Chiefs of Staff should consider how the constitution and duties of the Sigint Board and its Junior Boards can best be reorganised so as to eliminate the existing overlapping with the J.I.C. (paragraphs 44 and 47).

(Signed) NORMAN BROOK.

March, 1951.

TOP SECRET

APPENDIX A

THE SECURITY SERVICE

7. The headquarters organisation of the Security Service is grouped in five main divisions conforming broadly to its principal tasks:—

- (i) Sections concerned with the study of subversive movements which might threaten the security of the State. Almost the whole effort of these sections is at present concentrated on the study of Communism—the purposes and methods of Communist Parties, the structure and organisation of the British Communist Party, and the activities of individual Communists in this country.
- (ii) Sections concerned with counter-espionage. Almost the whole effort of these sections is at present concentrated against espionage by the Soviet Union and its European satellites.
- (iii) Sections responsible for advising on preventive security measures—security of buildings, vetting of staff and anti-sabotage precautions.
- (iv) An overseas division, responsible for the staffing and administration of Security Service posts in other Commonwealth countries. Reports from these officers overseas, and information and guidance for them, are handled by the sections concerned with the subject matter.
- (v) The common services—including the registry, the all-important index of individuals, and the various technical aids to investigation.

8. A high proportion of the total resources of the Security Service is at present devoted to the countering of subversive activities, mainly the study of Communism and Communists. Since the end of the war the Security Service has set itself the aim of building up, and keeping up to date, a complete list of all the members of the British Communist Party and its affiliated bodies, such as the Young Communist League. In this work it has achieved a remarkable degree of success: it has built up an almost complete list of Communist Party members, and its technique should ensure that this list is kept fully up to date. In addition to a fairly complete knowledge of the Communist Party Headquarters, it is also building up a detailed picture of the personnel and organisation of each branch office. This has been a heavy task; and it has meant that more than half of the headquarters staff and resources of the Service has been concentrated on this intensive study of the Communist Party.

9. At first sight it might appear that this represents a disproportionate concentration on subversive activities, and that, relatively, too little effort is being directed specifically towards the work of counter-espionage. There are, however, good reasons for distributing the total effort of the Service in this way.

First, Communist activities in this country are a very real threat to the security of the State in time of peace. It is one of the recognised techniques of Russian imperialism to work for the subversion of the democratic countries through domestic Communist movements which take their orders from Moscow and give them priority over any considerations of national duty or patriotism. It is common knowledge that the Russians have sought to intensify their use of this technique as part of their "cold war" tactics. It is, therefore, the first duty of a Security Service to counter subversive activities by Communists.

Secondly, this knowledge of Communist activities and personalities forms a most important part of our preparations for war. The information now in the possession of the Security Service regarding the organisation of the British Communist Party, both at headquarters and locally, would enable them to provide promptly, on the outbreak of war, a list of the names of all the important Communist organisers whose immediate arrest would cripple the activities of the Party.

Thirdly, this study of the British Communist Party makes a direct contribution to the work of counter-espionage. For, even though the Russian intelligence service might prefer to employ as agents in this country persons who have no avowed affiliations with Communist organisations here, it is likely that they will often find it necessary to make contact with their agents through the Communist Party organisation or its members; and they may at times be compelled to use as agents

(ii)

people who themselves are or have been members of the Party or at least have or have had associations with it. In this sense, study of British Communism and its adherents covers the field in which clues are most likely to be found to the identity of agents working for the intelligence services of Russia and her satellites.

Finally, direct counter-espionage work must be limited very largely to the following-up of specific clues. Apart from maintaining a general watch on members of the Embassies and Trade Delegations of Russia and her satellites—and it may be mentioned in passing that direct observation of the Soviet Embassy has not been made easier by the fact that it is now located in a private road in Kensington Palace Gardens—the Security Service cannot, in their counter-espionage work, engage in any general search for suspects. They must operate by following up specific clues based on information received from Government Departments, from private firms and individuals, from their own agents, and (the most important source) from other intelligence agencies. The resources allocated to the counter-espionage work of the Security Service have in fact proved sufficient for the intensive investigation of all the specific clues which merited serious enquiry.

10. In their current knowledge of the British Communist Party and its affiliated organisations the Security Service have a substantial achievement to their credit. They would, however, be the first to recognise that, from the point of view of espionage even more than of subversive activity, the crypto-Communists, fellow-travellers and intellectual-Marxists represent at least as great a danger as the actual members of the Communist Party. It is known that some adherents of the Communist cause have been expressly forbidden to join the party, and that others have been advised to discontinue their membership, so that they may be free to conduct their activities without the observation which party membership might entail. Even more dangerous, and more difficult to identify, are the intellectual-Marxists who for various reasons refrain from joining any Communist organisation, but are strongly influenced by Communist doctrine and propaganda and may develop intellectual loyalties to these ideas which would override their national duty. These ideas evidently have a strong appeal to a certain type of intellectual; and scientists and artists, in particular, seem to be specially susceptible to them. It is significant that it was in this class that Fuchs and Pontecorvo were found.

There is here an undoubted gap in our knowledge of potential agents for the Russian intelligence service or of people who might be willing, and able, to convey useful information to the Russians. It is easy to say that the Security Service should know more about these people: it is more difficult to suggest how that knowledge could be acquired. In this field there is, inevitably, far less certainty than there is in the field of Communist Party membership—and information, even uncertain information, is far more difficult to obtain. The Security Service are fully aware that this is their Achilles' heel. They have recently allocated special staff to a study of communism among the professional classes; and this study will include, so far as is practicable, a search for intellectual sympathisers with communism as well as actual party members. There can be no doubt that they should continue to devote all their ingenuity and resource to the search for means of increasing their knowledge of crypto-Communists of all types.

11. Some of the public criticism of the Security Service is based on misconceptions of their powers. Thus, they have no powers of arrest; and, when their investigations lead to criminal proceedings, these are instituted by the police. The public do not always appreciate how large a part the Security Service have played in the initial enquiries on which the proceedings are based. Again, their functions are advisory and they have no power to compel acceptance of the advice. They may recommend that an individual whom they have reason to suspect should not continue to be employed on secret work by a Government Department; but the ultimate decision rests with the Departmental Minister, who is free to reject their advice. The Department concerned decided, in the exercise of their discretion, to continue to employ Fuchs after the Security Service had brought to their attention some information about his earlier Communist associations: but in the public mind the blame for his continued employment is laid entirely at the door of the Security Service. Finally, even within Government service, there is still some misconception about the degree of responsibility which the Security Service assume in the "vetting" of individual employees. Despite the fact that a favourable report is cast in terms of the purely negative formula "nothing known against," employers tend to assume that, having once referred a name to the Security Service and having received this reply, they are relieved of all further responsibility. Government

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Departments are now being instructed to supplement this routine reference to the Security Service by taking such positive measures as are open to them to test the reliability of staff employed on secret work.

12. The general organisation of the Security Service is in a healthy condition. Among the heads of sections there is a satisfactory proportion of relatively young officers; and there is throughout an atmosphere of vigorous and purposeful direction. I believe that, from that point of view, the Service is as well-equipped as it can be to discharge its difficult task.

The office organisation was thoroughly overhauled during the last war, with the assistance of an expert brought in from outside for that purpose. Whether or not this is the cause, it certainly gives to-day a very satisfactory impression of good organisation and business-like efficiency. The Service has, of course, the advantage of being housed in a modern building which is large enough to hold the whole of its staff. This doubtless enhances the appearance of efficiency. But I was impressed by the office organisation as a whole. In the registry system, the card index of individuals, and the technical equipment for telephone checks, there is a noticeable use of up-to-date methods and machinery which is evidence of a general atmosphere of efficiency throughout the organisation.

TOP SECRET**APPENDIX B****THE SECRET INTELLIGENCE SERVICE**

13. The main structure of the headquarters staff of S.I.S. rests on a division between the Production branches and the Requirements branches.

The Production side is divided into a number of geographical branches, each controlling a number of overseas posts which control the agents in the field and forward their reports. The Requirements side is divided functionally into a number of branches each of which maintains liaison with the Departments requiring particular types of intelligence. Thus, there are Requirements branches which specialise in naval, military and air intelligence and maintain liaison with the Service Departments; there is one which specialises in political intelligence, in liaison with the Foreign Office; there is one concerned with economic intelligence, in liaison with the economic Departments; and there is one which specialises in scientific intelligence. It is the function of these Requirements branches to ascertain the needs of the customers and the priority which they assign to the various intelligence targets: to convey these consumer needs (through the Production branches) to the agents in the field; and to try to ensure that the intelligence product meets these requirements before it is passed back to the customer. These branches also act to some extent as critics of the intelligence collected. It is inevitable that the overseas posts, and to some extent the Production branches to which they work, should tend to be biased in favour of their own product; and the Requirements branches, by virtue of their wider range and their knowledge of supporting intelligence from other quarters, can often exercise a valuable check on this tendency.

14. This division of function, which seems to me to be generally sound, has the further advantage that officers serving in the Production branches (who are regular members of the S.I.S. and are interchangeable with officers serving overseas) have less need to come into personal contact with consumer Departments and are therefore better able to avoid disclosing their identity. It is important that the identity of these men, who have to work under cover abroad, should not be more widely known in Whitehall than is strictly necessary. It is therefore desirable that the Requirements branches should be staffed, to some extent at any rate, by officers seconded from the customer Departments. The Requirements branches which deal with naval, military and air intelligence are already staffed largely by serving officers seconded by the respective Services for a period of duty with S.I.S. These officers are, for the period of their secondment, an integral part of the headquarters staff of S.I.S.; but they maintain close liaison and daily contact with the Director of Intelligence of their Service. Apart from the advantage, already mentioned, of avoiding unnecessary disclosure of the identity of S.I.S. officers in the Production branches, this arrangement undoubtedly makes for greater efficiency: it improves relations between the collecting agency and the user of the intelligence collected, and it helps to ensure a better understanding of the needs and problems of both parties.

It was recommended in the *Bland Report that, on the same principle, the Requirements branch which deals with political intelligence should include at least one seconded member of the Foreign Service. I understand that the Foreign Office accepted this recommendation in principle, but have not yet been able to implement it in practice owing to shortage of staff. It would be most advantageous if, at any given time, the Requirements branch dealing with political intelligence could include one or two seconded members of the Foreign Service; and I believe that the Foreign Office are now ready to make greater efforts to apply this principle in practice.

It would also be valuable if the Directorate of Scientific Intelligence could second one of their officers for service with the Requirements branch dealing with scientific intelligence. At present S.I.S. have a liaison officer working in the Directorate of Scientific Intelligence. This, however, cannot be a fully satisfactory arrangement; a liaison officer without any specific functions in the organisation to which he is attached cannot make an effective contribution to its work.

* "Future Organisation of the S.I.S.—Report of a Committee appointed by Sir A. Cadogan on 8th October, 1943." (Report dated Foreign Office, 12th October, 1944.)

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There would be a saving of S.I.S. staff, and a better assurance that the consumer needs of the Directorate of Scientific Intelligence were fully appreciated by S.I.S., if the Directorate seconded one of its officers for service with the appropriate Requirements branch in S.I.S. The value of such an arrangement has been proved in practice by the fighting Services, and accepted in principle by the Foreign Office, and I recommend that liaison between S.I.S. and the Directorate of Scientific Intelligence should in future be based on the same principle.

15. Looking at the organisation of S.I.S. as a whole, one cannot fail to be struck by the heavy administrative overheads which it is now carrying. Apart from certain technical branches and some small sections carrying out planning work for Secret Intelligence and Special Operations in time of war, the whole of the headquarters staff is in effect engaged in the primarily administrative task of organising the collection of intelligence. So, also, to a large extent are the *officers* of S.I.S. overseas. For the most part, they do not themselves engage or run agents: this is normally done through an intermediary, known as an "unofficial agent," mainly to avoid compromising the cover of the S.I.S. officer as a member of the Embassy or Legation staff. Thus, a very large proportion of the staff of S.I.S.—representing a good half of the total expenditure on S.I.S.—is engaged, not in collecting intelligence, but in organising its collection.

Three reasons are given for this apparently disproportionate preoccupation with administrative matters:—

First, S.I.S. are attempting to do a war-time job in peace-time conditions. In war they have to conceal their activities only to the extent necessary to protect their agents: in peace they have also to conceal the very fact that they are operating at all. This means that the fighting Services and other Government Departments are unable to provide those facilities (*e.g.*, ships and aircraft) which they can readily make available to S.I.S. in time of war. And, as a result, a great deal of administrative work is required in preparation for even the simplest of S.I.S. operations. Take, for example, the clandestine passage of an agent into "hostile" territory. In war, the Navy would put him ashore or the Air Force would drop him by parachute. But in peace S.I.S. have themselves to charter a boat or an aircraft; and a good deal of negotiation and correspondence is required to carry through the chartering and to conceal the participation of S.I.S. in the transaction.

Secondly, the increasing complexity of Government business has led in recent years to a great increase in the volume of inter-departmental business generally. This has not been without some effect on the relations of S.I.S. both with other intelligence agencies and also with ordinary Government Departments. This growth of "inter-departmentalism" has involved some increase in the volume of administrative work in S.I.S. headquarters.

Thirdly, there has been a considerable turnover of staff in S.I.S. since the end of the war. As a result, there is an unusually high proportion of S.I.S. officers who are not yet fully trained; and many of these are passing through the various branches at headquarters for purposes of training.

As the number of officers under training diminishes, the proportion of headquarters to overseas staff should decrease. But this alone will not produce a substantial reduction in the administrative overheads of the organisation. This tendency towards an over-elaborate administrative superstructure needs to be carefully watched. No opportunity should be lost of reducing the numbers engaged in organising the collection of intelligence.

16. This is all the more necessary in view of the new policy of recruitment to S.I.S. which has recently been introduced. Before the war S.I.S. officers were recruited mainly by personal recommendation, and consisted largely of retired officers of the fighting Services and men of independent means with a taste for adventure who were prepared to do secret service work for a limited period of years. Changed economic conditions have led S.I.S. to adopt a different policy of recruitment. There are now few young men of independent means, with or without a taste for adventure; and under modern conditions (including high taxation) security of tenure and the prospect of a pension weigh very heavily with a young man considering the choice of a career. Moreover, S.I.S. now wish to place less reliance on retired officers of the fighting Services and are anxious to attract the type of young man who has taken an Honours degree at a university. They have therefore introduced a new and more formalised method of recruitment, by selection boards operating on the methods of the Civil Service Commission, and they are seeking

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to recruit young men in their twenties to an established and pensionable career in S.I.S. This, of course, carries with it a system of salary scales, promotion prospects and pension rights comparable to those offered to an administrative civil servant.

So far as it brings into S.I.S. work more men with university education, this change is certainly to be welcomed. But there are serious difficulties in the conception of S.I.S. as a "career service." Two of these difficulties have already been recognised by S.I.S.

(a) It is difficult to provide adequate cover for S.I.S. at the stage of a candidate's entry to it and during his first few years of training. It is impossible to tell a candidate much about the job for which he is being recruited until he has passed through all the vetting processes and has been finally accepted as eligible for the service. Moreover, it is difficult to re-assure his parents. The formula now used is that candidates are being sought for the "Intelligence Co-ordinating Staff" of the Foreign Office; but knowledgeable parents who look in the Foreign Office Handbook or consult friends in Government service are apt to discover that nothing is known about this staff and tend to ask awkward questions about the status of the service which their son is joining.

It would help to overcome these difficulties if some such title as the "General Intelligence Service" could be brought into official use as covering, not merely S.I.S., G.C.H.Q. and the Security Service, but also the more avowable intelligence agencies such as the Joint Intelligence Bureau and the Economic Intelligence Department of the Foreign Office (which does not form part of the regular Foreign Service). There would have to be sufficient content in such a "General Intelligence Service" to make a showing in the Imperial Calendar, the Foreign Office Handbook and other official works of reference, without including any mention of the secret agencies covered by the term. It would be a substantial advantage if the Selection Board for S.I.S. could purport to be recruiting for such a "General Intelligence Service." Indeed, it would be preferable if the initial stages of recruitment for all the agencies included within this new "Service" could be carried out by a single Board openly recruiting for the "General Intelligence Service." Candidates who seemed specially suited for the secret agencies could be sifted out, at an appropriate stage in the proceedings, and passed over to a special Board. The existing machinery for recruitment could readily be adapted in this way.

(b) S.I.S. recognise that the special nature of their work is such that few men can be expected to give efficient service in it for the full period of a Civil Service career. Indeed, I was told that a man could not normally expect to remain fully efficient on S.I.S. work for more than about twenty years. This is due, not merely to the exacting nature of the work, but also to the frustration caused by the need for constant dissimulation in a man's social life, whether he is serving at home or overseas. To have to conceal the nature of the job one is doing, even from one's closest friends, subjects a man to unusual strains; and few people are capable of living this sort of clandestine life for the whole of the normal length of an active career. In addition there is also the risk that the identity of an S.I.S. officer may become known to agents of foreign Powers—with the result that he can no longer be employed in certain foreign countries or, in some cases, at any overseas post at all. And there are limits to the extent to which officers so compromised can continue to be usefully employed at headquarters.

S.I.S. must therefore find means of placing in suitable employment elsewhere men who have entered their service as a career but have ceased, through no fault of their own, to be able to make a fully effective contribution to secret service work, either because they have been compromised or because they have become "burned out." S.I.S. will continue to do their best to place such officers in outside employment, in industry or commerce. But it seems to me that the Foreign Office and other Government Departments ought also to try to make some contribution towards the solution of this problem. There seems to be no reason why some of these officers should not be employed on other intelligence work, *e.g.*, in the Joint Intelligence Bureau or some of the other agencies which are free from the special disabilities attaching to clandestine work. Some might also be found employment in the Foreign Office or in home Departments on work for which their previous experience fitted them. There need be no question of providing them with a second career, with assured prospects of further promotion; but many of them could render useful service in other Departments at a salary comparable to that which they had drawn in S.I.S., until such time as they qualified for a proportionate pension based on their total years of Government service. In asking that other employment should

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be found for such officers, S.I.S. would naturally turn first to the Foreign Office; but it is clear that the Foreign Office alone could not provide an outlet for all these officers—it would be specially difficult for them to find further employment for an S.I.S. officer who had been compromised—and it seems reasonable that other intelligence agencies and Government Departments generally should also do what they can to help. The disposal of these officers might be made easier if a “General Intelligence Service” could be given some measure of reality, instead of being merely, as suggested in sub-paragraph (a) above, a name used as a cover for recruitment.

I recommend that the Treasury should appoint a working party comprising officials of the Departments and agencies primarily concerned to consider the two suggestions put forward in sub-paragraphs (a) and (b) of this paragraph.

17. Even if the suggestion put forward in paragraph 16 (b) proves to be practicable, it could not wholly solve the problems involved in any attempt to provide a life career for a substantial proportion of S.I.S. officers. There are limits to the extent to which S.I.S. can safely become a “career service.” Nor am I sure that the prospect of a life career in pensionable service will attract the type of man who is still needed for secret service work. Is there not some danger that, by offering a career on the Civil Service model, S.I.S. will tend to recruit men who approximate in character to the average type of administrative civil servant? Officers of this temperament may well turn out to be more interested in administration than in the more adventurous aspects of secret service work and its intelligence product; and, as these new recruits rise to positions of authority in the service, the present tendency towards an excessive preoccupation with administration may well be aggravated. It seems to me, therefore, that, while there is great advantage in seeking to recruit to S.I.S. a number of people with university education, there may be real danger in carrying too far this new conception of S.I.S. as a career service with the salary scales and promotion rules of an ordinary Government Department. It would be disastrous if it became impossible for S.I.S. to recruit individuals from outside who possessed the qualifications required for some special and perhaps temporary job, merely because this might involve interference with the promotion prospects or expectations of “career” officers in the service. Given the special nature of their work, it is essential for S.I.S. to leave the door open for the employment of the unconventional or temporary man—not merely in an emergency, but at any time when someone is available who has exceptional qualifications for the work to be done. I should not myself despair of finding, even in these days, some men of an adventurous spirit who are willing to take on an exciting job for five or ten years, trusting in their ability to find some other form of employment thereafter. Even to-day, it is not everyone who wants a settled career with a pension at the end of it: there are still men who have sufficient confidence in their ability to earn their living to make them willing to move about from one job to another.

In short, I suspect that S.I.S. may be in some danger of becoming too respectable and losing, in the process, some of its former vigour, initiative and enterprise—in short, its buccaneering spirit. I hope that the introduction of “career service” into S.I.S. will not be pressed so far as to increase the tendency towards over-administration, to which I have referred earlier, and to reduce the opportunities for introducing at appropriate levels in the organisation individuals with special qualifications who are prepared to give their services for a limited period—possibly on the basis of a somewhat higher salary or a lump-sum payment at the end of their period of engagement.

18. It may be appropriate to mention at this point two other questions of “cover” for S.I.S.:—

- (a) Responsibility for providing adequate cover for the operation of S.I.S. officers overseas lies with the Foreign Office. The use for this purpose of the title “Passport Control Officer” was compromised some years ago, and has had to be discontinued. S.I.S. officers now pass as ordinary members of the Embassy or Legation staff. The Foreign Office are, however, unable to allow S.I.S. officers to pretend to a rank higher than that of First Secretary; and for the more senior and elderly officers this title does not provide a very convincing cover. It would be helpful if some better cover could be devised for the more senior S.I.S. officers abroad; but it is not easy to see how this could be done, and I have no suggestions to make.

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(b) There is no longer any effective cover for the headquarters offices of S.I.S. in London. The location of these headquarters is certainly known to foreign agents, and is an open secret in Fleet Street. This cannot be cured so long as the headquarters remain where they are. It is, however, proposed (see paragraph 28) that S.I.S. and the Security Service shall in future be housed in a single building which is now in course of construction. I recommend that, when this building is ready for occupation, no attempt should be made to conceal its occupation by the Security Service but every effort should be made to cover the move of S.I.S. from their present headquarters to the new building. The Security Service is an avowable organisation: its existence and its activities are widely known: and the name of its Director-General is frequently mentioned in the press. Moreover, there is a good deal of confusion in the public mind between the activities proper to the Security Service and those which are in fact performed by S.I.S. Advantage can be taken of this to provide cover for S.I.S. Nothing would be lost by allowing the location of the Security Service headquarters to become known to the press and the public. There would be a positive advantage in doing this, if cover could thereby be provided for the headquarters of S.I.S.

19. S.I.S. is undoubtedly handicapped by having its headquarters in a somewhat antiquated and depressing building which is not well adapted to its needs. But, after making due allowance for that, I still feel that there is room for improvement in the office efficiency of the organisation. For example, the technical equipment for telephone checks did not seem to me to be of the latest and most-up-to-date pattern. I understand that this particular defect is now being remedied; but the fact that the improvement was not made earlier may be symptomatic of a lack of briskness and office efficiency throughout the organisation.

From what I read between the lines of the Bland Report, and from what I have heard from those who knew the organisation at first hand some years ago, it was urgently necessary at the end of the war to stiffen up the administration and introduce a higher standard of organisation in the headquarters of S.I.S. [redacted] set himself to do, with the vigorous and effective help of his new second-in-command; and very considerable improvements were brought about. I cannot help feeling, however, that these may have had the effect of introducing something too much of an atmosphere of military discipline. I hazard the view, with some diffidence, that what may now be required is rather less administration, and possibly less discipline, and rather more of the flexible efficiency which flows from effective office management.

20. The Special Operations work of S.I.S. is at present relatively small. The Foreign Office have hitherto been unwilling to sanction more than a few small-scale "operations" in time of peace. Thus, apart from the planning work in preparation for special operations in war, it has been possible to integrate S.I. and S.O. work throughout the various geographical Production branches of the organisation. I need offer only two comments on the S.O. side of the work:—

First, it is important that those responsible for sanctioning special operations in peace should bear constantly in mind the contribution which such operations can make towards current intelligence. The interest and co-operation of *émigrés* from countries behind the Iron Curtain cannot be retained solely on the basis of paying them to procure intelligence for this country. Their help will be far more readily given if we are willing to do something to further their cause in their own countries. We must rely largely on these *émigrés* to provide us with agents capable of penetrating beyond the Iron Curtain; and such agents are much more likely to be forthcoming if there is some prospect of positive activity against the existing régime in their native country. In the long term, it is only through such *émigrés* that we can hope to establish contact with dissident groups within the countries beyond the Curtain. And, meanwhile, we shall obtain current intelligence as a by-product of any operations undertaken in those countries. Thus, S.O. work in peace-time is not to be regarded as an unprofitable diversion of effort from S.I. work, but rather as an essential complement to it.

Secondly, I should put on record my view that even in war S.I. and S.O. should be kept under a single control. Experience in the last war provided

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a striking illustration of the dangers of separate control. In war, special operations should continue to be conducted under the control of the head of S.I.S., with the sole exception of large-scale operations conducted in territories where an Allied army is operating. Even in those cases control should continue to rest with S.I.S. during the planning stages, and should only pass to the theatre commander when special operations in the field are about to assume such proportions that they must come under the co-ordination of the military command.

21. As stated in paragraph 5 above, the general state of our intelligence about Russia is not satisfactory. And the results of S.I.S. activities against Russia and the satellite countries have so far been particularly disappointing. It should, however, be remembered that S.I.S. were not free to operate against Russia until after 1945, and that even after that their activities within the Soviet Union were subject to severe restrictions imposed by the Foreign Office on grounds of policy. S.I.S. methods are necessarily such that quick results cannot be expected: on the contrary, they involve a slow and laborious building-up of contacts, which may not yield practical results for several years. To achieve results S.I.S., like all other intelligence services, also need "lucky breaks." So far, they have had few of these since the war ended. But it remains essential that they should maintain themselves in a position in which they can take advantage of the "lucky break," and exploit it to the full, if it comes. It is my impression that it is time (and luck) that will improve the supply of intelligence through S.I.S. channels, rather than any great increase in expenditure on this part of the intelligence service.

TOP SECRET**APPENDIX C****GOVERNMENT COMMUNICATIONS HEADQUARTERS**

22. I have no recommendations to make about the internal administration of G.C.H.Q. and I do not propose to include here any detailed description of its work or its organisation. This part of our intelligence service proved its worth during the war; and, although it has since lost many of the university dons and other distinguished men who contributed so much to its war-time successes, it has succeeded in maintaining its high standards of technical efficiency and service.

All the users of intelligence are agreed that more valuable information comes to them from G.C.H.Q. than from any of the other secret sources of intelligence. Some, indeed, have gone so far as to say that, of the useful intelligence which they receive from G.C.H.Q. and S.I.S., about 90 per cent. comes from the former and only about 10 per cent from the latter. This is not due to the reading of high-grade Russian traffic; G.C.H.Q. have not yet been able to break any of the higher-grade Soviet cyphers. They have, however, made good use of the lower-grade Soviet cyphers and those of the Satellites. And they have also produced some remarkable results by methods of "traffic analysis," *i.e.*, by the study of call-signs, occurrence, provenance, &c., of messages and everything pertaining to them apart from the text itself. It is right to add that some of the work which is now attracting the praise of consumer Departments results from the large-scale exploitation by G.C.H.Q. of methods and ideas originally contributed by members of S.I.S.

23. The immediate problem confronting G.C.H.Q. is that of maintaining the efficient operation of the interception stations on which their work depends. There are three main deficiencies to be met.

- (a) More subordinate and technical staff are required to man these interception stations. The numbers of staff actually in post fall far short of the approved establishments. In the stations maintained by the Services on behalf of G.C.H.Q., this short-fall is due to shortages of Service man-power: in those maintained by G.C.H.Q. itself, it is due largely to difficulty in recruiting staff at the rates of pay hitherto sanctioned by the Treasury. It is of first importance to the intelligence service as a whole that all existing vacancies at these stations should be filled without delay.
- (b) There are shortages of specialised equipment. Thus, the programme for providing up-to-date equipment at direction-finding stations in this country and abroad has not yet been completed. Large-scale production of the latest type of "radio finger-printing" equipment has not yet been begun. And the lack of efficient equipment for the frequency bands above 30 megacycles is a serious handicap to interception work on certain types of radio transmissions, such as navigational aids and wireless control systems. In view of the recent Cabinet decision to increase the defence production programme, the Ministry of Supply should now accelerate research, development and production work on the specialised types of equipment required by G.C.H.Q.
- (c) Many of the interception posts in this country are housed in temporary war-time buildings, which are inadequate for peace-time conditions and should now be replaced by properly-designed stations. It will be difficult, and at some posts impossible, to house in the existing accommodation the additional staff and equipment required. A building programme for remedying this situation has been prepared: it is important that the Ministry of Works should now make good progress in carrying it out.

24. Looking further ahead, G.C.H.Q. have still to find means of recruiting the higher staff they need for the more difficult branches of their work, particularly crypt-analysis (the breaking of high-grade foreign cyphers). They will always need a small number of highly intelligent people, with advanced training in mathematics and a special flair for this crypt-analytical work. For the present they have contrived to meet this need by persuading some of the specially-qualified people whom they recruited during the war to continue or return to this work, which holds a

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special attraction for them. But it is a cause of anxiety for the future that, since the war ended, G.C.H.Q. have not obtained, through their normal channels of recruitment for permanent service, a single person with outstanding qualifications for this work. The numbers needed are small, probably not more than three recruits of this type in every two years; but, unless G.C.H.Q. can regularly secure something like this number of people who are capable of developing into first-class crypt-analysts, the future of this vital part of their work will be in jeopardy.

In recruiting such people for permanent service, G.C.H.Q. must compete with recruitment for the administrative class of the Civil Service. They believe that they are failing to attract the right type of recruit because they cannot offer the same prospects of ultimate promotion as are available in the general administrative class of the Service. In the number and salaries of senior posts G.C.H.Q. compares unfavourably with the ordinary Government Department; and an able young man, looking to the position which he may ultimately expect to reach, may tend to choose service in the general administrative class rather than a specialised career in G.C.H.Q.

G.C.H.Q. have proposed that this situation should be remedied by increasing the salaries of the senior posts in their organisation. If this solution cannot be adopted, another possible remedy might be to provide, for those who wish to take it, some outlet from G.C.H.Q. into the Foreign Service or the general administrative class of the Home Civil Service. Although I do not feel able to recommend any particular solution of this problem, I feel bound to point out that the whole future of this vital part of our intelligence services depends on the continuing capacity to recruit people with the high intellectual qualifications necessary for crypt-analysis.

The Ministry of Defence has been asked to consider the possibility of providing a special recruitment channel for G.C.H.Q. into the Home Civil Service.

The Ministry of Defence has also been asked to consider the possibility of providing a special recruitment channel for G.C.H.Q. into the Foreign Service.

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